

The complaint

Mrs A complains that Nationwide Building Society merged her banking profile with that of a different customer and then restricted her account.

What happened

On 7 September 2022, something in Nationwide's systems caused Mrs A's profile to merge with another of its customer's.

Mrs A said that during this time she was unable to access her online banking and her debit card stopped working, so, on 30 September 2022, she went to a branch to find out what had happened. But, due to the merging of the profiles, some of the information she gave in branch didn't match what was on Nationwide's systems. Because of this, she was asked to return with suitable ID and did so the same day. But as Nationwide still had concerns about the account, a restriction was placed by its financial crime team. This meant Mrs A wouldn't be able to make any card payments or ATM withdrawals, but could withdraw cash in branch as long as she could produce sufficient ID. Mrs A was allowed to withdraw £150 in cash that day and was assured the issue would be resolved.

However, by 10 October 2022, the restriction was still in place and so she complained to Nationwide. Mrs A said she'd been limited to weekly withdrawals of £150 and this wasn't enough to meet the needs and expenses of her and her children.

Nationwide investigated her complaint. In its response, dated 24 November 2022, it explained Mrs A's account had been merged with another customer's due to a technical error. This led to concerns that Mrs A had somehow fallen victim to a scam and so a restriction was placed in the interests of security. It went on to say the technical error had since been rectified, and her account had been unrestricted on 25 October 2022.

It apologised for the impact that the mistake had caused and said £250 would be paid to Mrs A's account.

But Mrs A's bank statements were still being sent to the other customer's address, and so she contacted Nationwide to complain again. Nationwide accepted that whilst it had fixed the underlying issue, it failed to correctly update her home address. It said it had now changed her address and would arrange a further payment of £150 to say sorry. It also added that it had arranged to remove all mention of the incorrect address from her credit file.

Mrs A didn't think Nationwide had done enough to put things right and so she brought her complaint to our service.

She told us the experience had been humiliating, that she'd had to borrow money, and that knowing her personal details had been exposed to strangers had caused her distress. Mrs A said she'd since received a new debit card but it didn't work so she had to go back to the branch to withdraw cash.

Mrs A said Nationwide hadn't convinced her that the issue of her personal safety had been resolved. She said that in late October 2022, the customer whose banking profile had been merged with her own had used the details displayed on her online banking to call Mrs A personally. She said the other customer had called to let her know she could see her account. She added that, due to particularly sensitive details around her personal circumstances, she was concerned about her safety as she believed the other customer now had access to that information.

And so she didn't think the £400 total compensation paid by Nationwide covered all of the harm she'd been caused. She said a figure closer to £25,000 would be more appropriate for the impact of Nationwide's mistake.

Our Investigator agreed that Nationwide hadn't done enough to compensate Mrs A. They said whilst they appreciated Nationwide had followed its own internal procedure of investigating the circumstances around the merging of accounts, it had taken too long to resolve things. They believed the length of time had contributed to the concerns Mrs A had about the safety of her information. They also pointed to its subsequent failure to amend Mrs A's address as the cause of her bank statements going to the wrong place on two occasions.

But the Investigator said they didn't agree that Mrs A could only withdraw £150 per week as her bank statements showed greater amounts being withdrawn.

They also acknowledged Mrs A's concerns about her personal details, and her worry that her particular circumstances heightened the seriousness of the breach. Our Investigator accepted Mrs A was genuinely concerned by a perceived threat, and this was partly due to Nationwide's failing. However, they didn't recommend compensation. They said they didn't usually ask a business to compensate consumers for events which might have happened, but which didn't. Which, in this case, would have been Mrs A being harmed due to her personal details being shown to another customer.

Overall, our Investigator thought Nationwide needed to do more and said it should pay a total of £600 to make up for the impact of its failings.

Nationwide accepted our Investigator's findings and agreed to pay an additional £200 on top of what it had already credited to Mrs A's account. Mrs A didn't think this was enough and asked for an Ombudsman's decision.

I issued my provisional decision on this complaint. it said:

It isn't in dispute that a technical error led to Mrs A's banking profile being incorrectly merged with another customer's. Nationwide has said the similarities between the two customers led to its systems taking this action. And whilst I acknowledge this reason, it remains that the merge was inappropriate. So I've thought about the impact this failing had on Mrs A.

A lot of the issues encountered by Mrs A stemmed from the restriction placed on her account. She said the restriction meant that she had to attend a branch weekly to withdraw cash. I understand the restriction began on 30 September 2022 and was lifted around three and a half weeks later, on 25 October 2022, so I've thought about the restriction being applied, the length of time it remained on the account, and the impact this had on Mrs A.

Had the profiles not been incorrectly merged, there would have been no need for the restriction at all. But when Mrs A first visited the branch, Nationwide was yet to realise the accounts had been merged and so, faced with the information it and its financial crime team had available at the time, I don't think it was unreasonable for Nationwide to have taken the

steps it did to secure Mrs A's account; banks and building societies have an obligation to protect customers from financial crime and its effects.

But Nationwide took longer than it should have to investigate and resolve its concerns. Nationwide said its usual timescale to investigate is 48 hours, but it appears its investigation didn't start until 24 October 2022 – more than three weeks after the account was restricted. Once the investigation began, it seems Nationwide was quickly satisfied that the issue centred around the merging of accounts and not financial crime, with the account's restrictions being lifted the following day.

But my considerations can't stop here. I must also think about the impact this delay had on Mrs A, and whether the overall compensation already recommended does enough to make up for this.

It's accepted that Mrs A withdrew £150 the same day her account was restricted. She has said she didn't have another account at the time, and so her funds had to be withdrawn in cash, rather than transferred to a different account. Her statements show she was able to withdraw another £1,260 when she visited the branch again around a week and a half later. So I'm not persuaded Mrs A was limited to £150 per week. As such, I'm satisfied Nationwide made her funds available to her, despite it having taken longer than it should have to investigate its concerns.

Before the restriction to her account was lifted, Mrs A visited the branch three times to resolve the issue and to withdraw cash: twice on 30 September 2022 and once again on 10 October 2022. It took between 15 and 20 minutes by bus from Mrs A's house to the branch. She has said she was able to leave her car with her husband to collect their children from school, and that visits sometimes took up to two hours because of the branch's queues, and having to explain her situation during her visits.

Mrs A also visited the branch to withdraw cash in November 2022, after the restrictions had been lifted from her account. It appears her debit card wasn't working at this stage, but Nationwide has shown me there was no technical reason or protective measure in place to prevent it operating as it should. Mrs A has told our Service that she's unsure of the date her card began working again, but believes it was fixed by re-registering for the service.

So I think Nationwide was responsible for Mrs A's visits in September and October 2022, with her visit in November 2022 potentially being avoidable. And I accept there would have been some inconvenience in having to visit the branch on these occasions, but Mrs A has demonstrated that she had support during this time, particularly from her husband. So whilst they would certainly have been frustrating, I'm not persuaded these visits were so onerous that compensation beyond what has already been recommended is necessary to address the impact.

Mrs A has talked about being unable to access funds while her account was restricted, but she has mentioned she was able to borrow money from a support network of family and friends – though I accept that asking to borrow money caused her some embarrassment. Mrs A has also said her husband paid the rent and bills, and I can see she was able to withdraw most of the funds from her account while the situation was being looked into. So I think she had access to money during this time and, because of this, I'm not persuaded the impact is serious enough to require more compensation.

Finally, I've thought about the concerns Mrs A raised around her personal information – her statements going to the wrong address, and the other customer calling her directly.

Nationwide has shown me that none of the information relating to her specific and sensitive

circumstances would have been visible to the customer that her statements were sent to and profile merged with – only details such as her spending, contact number and address. Based on what I've seen, it appears that the only way the other customer could have known the information that Mrs A was particularly worried about was if Mrs A told her during the call they had. So whilst I fully recognise that the situation – especially the call she received – would have been very distressing, I can't fairly hold Nationwide responsible for the distress that the disclosure of her sensitive personal circumstances caused.

With that said, I believe Nationwide is responsible for the distress caused to Mrs A by her statements being sent elsewhere and for the call she received from the other customer. This is a situation Mrs A should never have been put in, and was placed in through no fault of her own. I think the impact that has been demonstrated on this point is sufficient enough to warrant further compensation. Because of this, I'll be directing Nationwide to do more in relation to this point – to increase the compensation that's been recommended by the Investigator to a total of £700.

Both parties have accepted my provisional decision and confirm they have nothing more to add to the complaint.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Having done so, as Nationwide has said it's happy to increase the compensation and Mrs A has said she is okay with the decision, I see no reason to depart from the findings above. For this reason, I require Nationwide to pay a total of £700 to Mrs A.

My final decision

For the reasons given above, I uphold this complaint and direct Nationwide Building Society to pay Mrs A £700, less any money already credited to her account in relation to this complaint. It must do so within 28 days of acceptance of this decision.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs A to accept or reject my decision before 24 April 2024.

James Akehurst
Ombudsman