

The complaint

Miss P complains that Nottingham Building Society (NBS) allowed her estranged husband to withdraw all of the money from their joint account.

What happened

Miss P says she and her husband were going through a divorce. They held a joint savings account with NBS which held £12,536.90. Miss P's husband reported the passbook stolen in March 2023 and he was given a new passbook which allowed him to withdraw all of the money. Miss P says NBS should have followed its procedure and told her what had happened, and she would have prevented the money being withdrawn.

NBS accepts it made a mistake and says both parties should have signed for the new passbook. It says this was a matrimonial dispute and it wasn't told about a dispute between the parties. NBS has offered £200 compensation.

Miss P brought her complaint to us, and our investigator recommended the compensation be increased to £300 but didn't think it possible to know what the divorce terms were. And didn't think it fair to order NBS refund any of the withdrawn money.

Miss P doesn't accept that view and has provided a letter from her solicitor which confirms that a court could not consider money previously spent.

I asked NBS to re-consider its stance and consider the legal advice Miss P received. It now says it will pay Miss P half of the money and make a payment for the distress she felt which in total is £6,500.

Miss P says that award doesn't consider her legal costs.

My provisional decision

I issued a provisional decision on this complaint and said I had come to the provisional view that I intended to uphold this complaint in part.

I said there was no dispute here that NBS didn't follow its procedure which in turn meant Miss P's husband was able to obtain a new passbook and withdraw the money. I was satisfied that if NBS had followed its procedure and asked for Miss P's signature then she would have told it that the passbook wasn't lost but in her possession. I was also satisfied that at that point, Miss P would have told NBS that there was a dispute between the parties and the money would have been protected until a divorce settlement.

So, I said it follows that I thought, as a result of NBS's mistake, Miss P's husband was able to withdraw all of the savings. I explained it was difficult to be sure how that money would have been split in divorce proceedings, but I was satisfied Miss P's solicitors had confirmed, as best it could, that Miss P hasn't benefited already as a result of the withdrawal in the divorce settlement.

I had previously made clear that I thought the only fair approach would be to order NBS to

repay half of the money. Both parties know that ordinarily parties to a joint account can withdraw any sum, but I said here the circumstances were different. And I thought a basic divorce settlement would result in an equal split of money where possible.

I said that NBS had now fairly agreed with that view and would refund half of the money. And it will pay just over £230 in compensation which I thought was fair and reasonable. I appreciated Miss P says she incurred legal fees as a result of what took place, but I thought such fees would have been incurred regardless of what took place. And it unlikely any fees could be attributed to work on this specific part of the divorce in any event.

Both sides agree with my provisional view, but Miss P would understandably like the compensation and refunded money paid into a different account. I don't consider interest on the money appropriate in these circumstances.

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 I have come to the same overall view that I reached in my provisional view and for the same reasons.

Putting things right

NBS should pay Miss P £6,500 but into an account she has provided details of.

My final decision

My final decision is that I uphold this complaint in part and order Nottingham Building Society to pay Miss P £6,500 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss P to accept or reject my decision before 28 February 2024.

David Singh
Ombudsman