

The complaint

Miss T complains that Nationwide Building Society failed to take steps to prevent her from spending a large sum of money on gambling.

What happened

In 2020 Miss T had been in contact with Nationwide as a result of which it noted that she had a gambling addiction. It offered her help with this but got no response; as a result she had no blocks on her account preventing her from making online or debit card payments. In March 2023 Miss T received into her account a large sum of money in respect of an inheritance. She began making a great number of transfers of money to a savings account. She then made online transfers amounting to over £11,000 to overseas gambling websites.

Miss T received a fraud alert on 29 March 2023 regarding one particular transaction. She says she ignored this at the time as she knew she had been spending the money. As a result her debit card was blocked although this did not prevent her from making online transfers. On 1 April she called into the branch and arranged for a savings bond to be closed, and the funds transferred to her account. She then made further online transfers to gambling websites amounting to £18,000.

Miss T complained to Nationwide. She felt that having blocked her account because of its concerns over a possible fraudulent transaction it should have noticed that she was gambling a lot and done more to support her. She also felt that the staff in the branch should have noticed this and been aware of the fraud alert. Especially as she had previously advised Nationwide of her gambling addiction.

Nationwide said that the fraud alert was not related to gambling and that the staff in branch would not have been aware of it unless she told them. The branch staff would also have been unaware of her gambling problem. It further said that the staff followed her instructions to close the bond and any transactions she made were her responsibility. It further said that it did try and contact Miss T in 2020 to discuss support but it wasn't able to reach her.

On referral to the Financial Ombudsman Service, our Investigator said that although Nationwide was not responsible for Miss T's gambling activity, it should have been alerted to a pattern of unusual spending on her account in April 2023, notably to gambling websites. He said that Nationwide should pay Miss T £150 for distress and inconvenience.

Nationwide said it had acted appropriately. As Miss T was in receipt of a large sum of money in March 2020, it would be typical for that to lead to an increase in unessential spend and, therefore, it isn't unusual for a customer to spend more of their money soon after receiving a large credit.

The matter has been passed to me for an Ombudsman's consideration.

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.

Firstly, I've noted that Nationwide was made aware of Miss T's gambling problems in 2020, I note that its specialist support team (SST), received a referral that Miss T wanted to block all transactions to gambling sites and wanted support. It attempted to call her three times but was unsuccessful. It then sent a letter asking her to contact it if she still needed help. Then in August 2020 Miss T called the branch and the case was reopened. She asked for a call, and the SST attempted two further contacts with no response or option for voicemail. The case was then closed. Nationwide explained that it did not (then) have the ability to block gambling sites – the only option then would have been to place a block on the account to stop all online payments. However this wasn't done as the SST was never able to reach Miss T to discuss this option.

I don't think Nationwide could have done anything further in 2020 to support Miss T with her gambling problems as it appears she was uncontactable.

In respect of the transactions in 2023 Nationwide had a duty to exercise reasonable skill and care, pay due regard to the interest of its customer and to follow good industry practice to keep the customer's accounts safe. This included identifying vulnerable consumers who may be particularly susceptible to scams, and looking out for payments which might indicate the consumer is at risk of financial harm.

Taking these things into account, I think Nationwide should fairly and reasonably have had systems in place to look out for out of character or unusual transactions, or other signs that might indicate that its customer was at risk of fraud. So, I need to decide whether Nationwide acted fairly and reasonably in its dealings with Miss T.

In March 2023 Miss T received a large payment into her account. She started making a great number of transfers to another account (presumably a savings account). From looking at her bank statements I don't think it was unusual for Miss T to make transfers to her other account(s). As the payment in appeared to come from a reputable source, it doesn't seem likely that Nationwide's fraud alert system would have identified anything wrong with that payment. And I don't think that the branch staff could have been expected to be aware of the fraud alert or of Miss T's spending on her account.

But I also note that Miss T carried out a large number of online payments to an overseas gambling website, over £11,000 in March 2023 and over £18,000 in April 2023. And I think this was a pattern of unusual spending by Miss T. So I think that this should have been flagged by Nationwide who should then have reviewed her account. And it would have seen that she was spending a large amount on gambling.

I still have to consider what Nationwide could have done if it had identified that Miss T was spending large sums on gambling. I bear in mind that her transfers to gambling websites took place over a relatively short period - from 28 March to 12 April. So even if Nationwide had been able to identify the payments and sent Miss T some sort of notification it seems likely that most of the payments would have been made by the time she received it.

It's likely that Nationwide would have asked its SST to get in touch and offer support in respect of Miss T's gambling problems. I've noted that she did get in touch with Nationwide herself so this time, if it had been possible for it to contact her, she might well have been responsive to any offer of support. I don't think Nationwide is responsible for what Miss T spent on gambling but she might have had the opportunity to confront her problem sooner. So I do think that it should pay her £150 compensation for distress and inconvenience.

Putting things right

Nationwide should pay Miss T £150 compensation.

My final decision

I uphold the complaint in part and require Nationwide Building Society to provide the remedy set out under “Putting things right” above.

Under the rules of the Financial Ombudsman Service, I’m required to ask Miss T to accept or reject my decision before 8 May 2024.

Ray Lawley
Ombudsman