

The complaint

Mrs O says that when she switched accounts to Nationwide Building Society (“Nationwide”), most of the Direct Debits set up on her old account were not set up on her new account. Mrs O also says that she didn’t receive her salary as well due the failure of the account switching process.

What happened

Mrs O switched accounts on 1 August 2023. After this date, Mrs O says she didn’t receive her salary in August 2023 and all but one of her existing Direct Debits failed to be set up on her new account.

Mrs O says that this matter has caused her a great deal of distress and inconvenience in getting matters rectified. Mrs O says that she spent a whole day on the phone to her Direct Debit originators and lost out on overtime at work trying to resolve matters. She says that her son’s phone contract got terminated, and she had to manually pay the originators over the phone. Mrs O says she had to cancel a holiday, and then was able to go on a shortened break and had to ask to borrow money from friends. Mrs O says she missed her mortgage payment for the first time since having one.

After raising her complaint with Nationwide, it issued its final response letter on 8 September 2023. It apologised for the lack of support it had given her in dealing with the matters and offered to pay £200 for this. But it said that it had sent the Direct Debit instructions correctly to the Direct Debit originators and so it said that the issues were not caused by anything that Nationwide had done. Nationwide said it would reimburse any late payment fees or charges that Mrs O had incurred. But it confirmed that one of her Direct Debits had correctly been debited from her account and pointed out that another one of the originators was trying to take payment using the wrong Direct Debit reference number.

After Mrs O referred her complaint to this service, one of our investigators assessed the complaint and they felt that Nationwide should increase its offer of compensation to £500 to reflect the impact this matter has had on Mrs O.

Nationwide said it was not willing to pay further compensation (beyond the £200 it had offered) and said that the issues Mrs O faced were caused by the originators of the Direct Debits.

As Nationwide disagreed with the investigator’s conclusions, the matter was referred for an ombudsman’s decision.

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 reviewed everything, I think that the investigator’s recommendation that Nationwide pay Mrs O a total award of £500 compensation is fair and reasonable in the circumstances. I will explain why.

Mrs O used the current account switching service, to switch her current account to Nationwide. The Current Account Switching Service guarantee says that if something goes

wrong (for example if a payment is not redirected, is redirected incorrectly or is lost) Nationwide will correct the error.

In this case after switching accounts to Nationwide, it seems that nearly all of Mrs O's Direct Debits failed to be transferred over correctly to her new account. This resulted in nearly all of Mrs O's Direct Debits not being paid on time. When investigating what happened, Nationwide says that it followed the processes correctly and therefore said that it had done nothing wrong. Nationwide concluded that the fault for all of the failed Direct Debits laid with the individual companies they were set up against (also known as 'originators').

However, like the investigator, I find it implausible that so many Direct Debits (the investigator said there were 19 originators) failed because the merchants all failed to follow Nationwide's instructions to amend the Direct Debits correctly. Overall, whilst it's still not clear why exactly so many Direct Debits did fail, I do think it's more likely than not that it was linked to Nationwide's handling of the switching service. Or at the very least, I do think it is reasonable that Nationwide should be held responsible for them failing, given the circumstances and the switching guarantee that was in place.

Although Nationwide didn't admit fault in the switching process, it did agree to pay Mrs O £200 compensation to reflect the fact that it could've provided assistance sooner.

Mrs O didn't accept this offer, and instead said that £3,000 compensation should be paid to her. I have considered what Mrs O has said, but I find this amount to be excessive when compared to what happened and what Mrs O had to do to put matters right. I say this particularly as we all face an element of inconvenience that we have to deal with in our day to day lives when things don't go as they should've, that doesn't warrant compensation.

Also, I note that Mrs O says she didn't receive her salary and said this was caused by Nationwide's handling of the switching process. However, looking at her statements, I can see that her first salary payment went into the account on 29 August 2023. And the statements show that she is paid around the 27, 28 or 29 of each month.

So, bearing in mind that the switch happened on 1 August 2023, I'm unable to say that Mrs O was not paid her August salary due to her switching accounts. Having said that, I can see an identical amount was transferred from her previous bank on the same day her employer paid her i.e. on 29 August 2023. So it does seem that a payment may've been paid to her previous account first and was then redirected to her Nationwide account, or it was possibly duplicated. But either way, I can't say that Mrs O didn't receive her initial salary payment after the account switch had taken place.

I also note that Mrs O had issues getting a pet insurance company to take payment from the new account. From what Mrs O has said, it seems that it took months for the insurer to set up a new Direct Debit for her. I don't know why it struggled to set up a new Direct Debit using her new account details – as it should be as simple as cancelling the old Direct Debit (if it wasn't already) and setting up a new one using her Nationwide account details. But whatever the reason, I can't reasonably say that the *ongoing* difficulties she had with the insurer is something I can hold Nationwide responsible for. This is ultimately something Mrs O would need to take up with the insurer.

But that being said, I can see that the failure to transfer over all of the other Direct Debits to Mrs O's Nationwide account did cause Mrs O a fair amount of distress and inconvenience.

Mrs O has explained (and provided evidence) that she received a number of late payment notices from various originators. As well as receiving a number of late payment warnings, Mrs O says she spent hours on the phone calling the different originators, to set up a new Direct Debits – some of which she says took a number of calls to be successfully setup.

Mrs O says that this matter has caused her headaches and sleepless nights, and that she has been especially concerned whether all the late payments would adversely impact her credit file. For example, Mrs O's mortgage repayment wasn't paid on time due to the failure

of the Direct Debit to be switched over to her new account – and this was the first time Mrs O says she'd paid a mortgage repayment late. Mrs O says she has had to take time off work to get matters resolved; had to miss an overseas visit to an elderly relative to rectify matters; and also says that her son's phone was cut off due to non-payment of the phone bill.

So when taking everything into account, and particularly the specific impact this matter has had on Mrs O, overall I think that an award of £500 is reasonable in the circumstances.

Putting things right

Because of the reasons given above, I think that Nationwide should pay Mrs O £500 to reflect the distress and inconvenience this matter has caused her.

My final decision

Because of the reasons given above, I uphold this complaint and require Nationwide Building Society to do what I have outlined above to put matters right, in full and final settlement of this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs O to accept or reject my decision before 5 June 2024.

Thomas White
Ombudsman