

The complaint

Miss A complains about the way in which Nationwide Building Society handled the closure of her account, after it had decided to end the relationship.

What happened

In August 2023 Nationwide gave Miss A notice that it would close her account, after it became concerned about the number of fraud claims she had made.

Miss A complained about the decision, and that complaint was dealt with by this service. Miss A reduced her account balance to zero on 17 August 2023 (by making a cash withdrawal), and opened an account with a different provider.

Miss A's account was "closed" on 16 October 2023 – in the sense that, from that date, Miss A was no longer able to use it.

In January 2024, however, Nationwide contacted Miss A seeking repayment of an overdraft of nearly £1,400. Miss A said that must be an error, since the account balance had been reduced to zero in August 2023, she had not used the account since then, and did not have an overdraft facility.

Nationwide said that the overdraft had come about because, until 16 October 2023, direct debits had still been taken from the account. But it also identified that two direct debit payments, totalling £26.96 a month, had been taken even after that date. It offered Miss A £50 in recognition of that and of the incorrect information it had provided. It said however that it had told her that direct debits would be taken until the account was closed.

Miss A referred the matter to this service, where one of our investigators considered what had happened. She thought that Nationwide had acted fairly in allowing the direct debit payments up to the date of closure to go through and in seeking repayment of the overdraft which had resulted.

Miss A did not accept the investigator's view and asked that an ombudsman review the case.

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.

I'll deal first with the overdraft arrangements on the account. In April 2023 Miss A agreed that her overdraft facility would be reduced by £200 a month. Her overdraft at the time was £3,360, so a significant facility would still have been in place between August and October 2023.

Nationwide responded to Miss A's initial complaint (about the decision to close her account) on 31 August 2023. In that letter it said: "*I can confirm any existing Direct Debits or Standing Orders should continue to go through until the closure is complete.*"

I can understand that Miss A may not have appreciated or realised that direct debits were being taken from her Nationwide account, rather than the new account she had opened. However, Nationwide had told her that they could still be taken, and payments would not have appeared on her new account. In addition, Nationwide says it continued to send statements; and the payees should have notified Miss A before taking payments.

I don't believe therefore that Nationwide made any error in allowing direct debit payments to be taken until 16 October 2023. It follows that it made no error either in seeking repayment of the overdraft which resulted.

It did, however, make an error in allowing payments after that date – as it has acknowledged. It does not appear however that Miss A suffered any financial loss as a result. I say that because it does not appear from her new account statements that any payments were duplicated; nor has she suggested that she did not receive the services paid for. And if she did, it should be possible to resolve that with the providers or through the direct debit guarantee scheme.

As I have indicated, Nationwide has acknowledged its error in this case, but it has also compensated Miss A with a payment of £50, which I consider to be reasonable in the circumstances.

My final decision

For these reasons, my final decision is that I do not uphold Miss A's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 19 March 2025.

Mike Ingram
Ombudsman