

The complaint

Mr L has complained that Nationwide Building Society (“Nationwide”) rejected the payment of a large amount of money being paid into his account on two occasions.

Mr L says that Nationwide’s action caused him to suffer a financial loss as well as a great deal of distress and inconvenience in having to get matters rectified.

What happened

Mr L sold a property he owned overseas. Mr L arranged for the proceeds of the property sale to be paid into his Nationwide account. To ensure things went smoothly Mr L called Nationwide on 11 September 2023 to explain that he was due to receive a large sum of money going into his account from an overseas account. Nationwide confirmed that it would add a note to his file.

However, when the payment was made on 15 September 2023, Nationwide processed the payment but rejected it on 19 September 2023 as the payment instructions did not meet the relevant requirements. A second attempt at making the payment occurred, but this too was not accepted by Nationwide on 5 October 2023. The payment was eventually successfully made on 11 October 2023.

Unhappy with what happened, Mr L complained to Nationwide. Nationwide issued its final response to the complaint on 20 October 2023. Nationwide upheld the complaint in part and paid Mr L £75 compensation.

Nationwide explained that the instructions in the payment didn’t meet the requirements of the financial transfer regulations. Nationwide says that where a payment is rejected, it is the responsibility of the bank sending the payment to contact the payee. Nationwide did apologise if it was implied during Mr L’s phone call that he would receive a call from Nationwide should there be any issue with him receiving the payment.

Unhappy with Nationwide’s response to his complaint, Mr L referred his complaint to this service.

One of our investigators assessed the complaint and they didn’t think that Nationwide had acted incorrectly in relation to the payments being rejected. But they did think that Nationwide should pay a further £125 compensation to reflect the distress and inconvenience caused to Mr L for the amount of time he spent calling Nationwide from 3 October 2023 to ensure the payment was successfully made.

Nationwide agreed with the investigator’s assessment. But Mr L did not. So, 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 uphold this complaint in part, for broadly the same reasons as the investigator gave.

Having reviewed everything, I can see that the amount that Mr L was paying into his Nationwide account was a large sum of money. So, I can fully appreciate why he was keen to ensure that the payment went smoothly. I note that when Mr L called Nationwide on 11 September 2023, it confirmed that a note would be added to his file.

However, I can't say that Nationwide had given wrong information to Mr L or had promised to call him should there be an issue with the payment. And so, I think Nationwide's offer to pay Mr L £75 (which it has already paid to Mr L) for his expectations (of being contacted if there was an issue with the payment) not being met, was fair.

Mr L is unhappy that Nationwide didn't contact him when the payments were rejected. However, I can't say that Nationwide acted incorrectly or unfairly by not contacting Mr L when the payments were rejected. This is because it would've been the responsibility of the sending bank to notify Mr L that the payment had been unsuccessful. As such, I can't hold Nationwide responsible if the sending bank didn't do this. Nor can I say that Nationwide is at fault if it didn't do this.

I note that Mr L has given an example where he paid a cheque in to Nationwide that was out of date and Nationwide contacted him. Mr L questions the logic behind why Nationwide chose to contact him when there were issues paying in a cheque, yet didn't contact him when an international payment for a large sum of money couldn't be paid into his account.

I think the distinction here is that in the case of the cheque, Nationwide was responsible for processing the payment correctly and so when there was an issue with it, it was Nationwide's responsibility to contact Mr L to resolve the issue. Whereas in the case of the international transfer, it was the responsibility of the sending bank to issue the payment instructions correctly. So, it would've been the sending bank's – not Nationwide's – responsibility to contact Mr L, if there were any issues with the payment.

In terms of what Nationwide was responsible for, it was required to ensure the funds were received into Mr L's account – but only if the instructions it received were correct and adhered to the relevant requirements. Unfortunately, it was the case that the first two payment instructions it received were not valid, and so it notified the sending bank that the payments were unsuccessful.

In terms of why the payments were blocked, I understand the first attempted payment was rejected due to the originator's address being incomplete. The second payment attempted was declined because the originator's name could not be verified with the other information included in the payment instructions.

Having seen the instructions, I can see that was the case. An incomplete address was included in the first payment instruction - only a city name and the words "*PO Box 0*" were given. And in both of the payment instructions, the wrong originator name was given – which was rectified in the third (successful) payment attempt. This meant that when Nationwide checked the name of the originator against the address given in the second payment instruction, it could still not accept the payment. Given all of the above, I'm satisfied that Nationwide correctly declined the payment instructions and followed the correct process in notifying the sending bank with the correct reasons why it was unsuccessful (albeit only in summary, as that is essentially how the SWIFT system operates).

Mr L has questioned why Nationwide has not made it clearer specifically about what information is needed for an international payment to be received into a Nationwide account. But looking at the information available online, I can see that Nationwide says the following information about the payee needs to be provided to the person sending the money:

- Bank Identifier Code
- Intermediary Bank's Identifier Code
- International Bank Account Number
- Account number

- Sort code
- Full name, including first and last names
- Full address, including city, county and post code

It also says the person sending the money needs to include their full name and address, or if a company is sending the money, the full name and address of the company. And it says that if any of the information is missing, the payment could be rejected.

In my view I think that Nationwide does include reasonable information on its website about what is needed to receive an international payment. And so I can't say that Nationwide had failed to provide reasonable information (on its website) to assist Mr L in receiving the money.

In summary, from what I have seen, the reason why the two attempted payments failed was because the sending bank – or at least whoever gave the payment instructions to the sending bank – failed to include the correct name of the originator twice and had failed to include a valid address in the first instructions. Because of this and based on the rules that Nationwide was required to follow in processing the incoming international payment instruction, I'm satisfied that Nationwide followed the correct procedures in rejecting the payments and notifying the sending bank.

I can see that Mr L says the delay of receiving the money caused him to miss out on earning a set amount of interest on his funds. And he says trying to sort matters out impacted two holidays. I'm sorry to hear about this, but as I don't think Nationwide has acted incorrectly or unfairly, I don't think it would be appropriate to hold Nationwide responsible for the impact the two rejected payments may've had on him.

That being said, I can see that Mr L spent a fair amount of time on the phone to Nationwide to ensure that the payment would go through successfully. And Nationwide has agreed to the investigator's recommendations that it pay Mr L a further £125 compensation because of this. This would bring the total amount of compensation to £200 - which in my view is fair compensation in the circumstances.

Putting things right

To put matters right, I require Nationwide to pay Mr L a further £125 compensation for the distress and inconvenience he incurred in communicating with Nationwide to ensure the payment instructions contained the right information.

My final decision

Because of the reasons outlined above, I uphold this complaint in part, 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 Mr L to accept or reject my decision before 5 July 2024.

Thomas White
Ombudsman