

The complaint

Mr L complains that when he invested a large sum in a Nationwide Building Society account Nationwide did not tell him that he wouldn't be able to access his funds for two years.

What happened

Mr L had a number of accounts with Nationwide and went to a branch on 11 January 2024 and invested £20,000 into an ISA and said that following sale of a property he also £200,000 to invest. He said Nationwide suggested a bond. Mr L later decided to cancel the ISA and Nationwide told him he would pay a 'fine' which was £364 after only a couple of weeks.

Mr L invested into a fixed term bond with Nationwide on 11 January 2024 for a two-year term. He went to a branch 14 days later, but decided not to change the bond. Mr L then visited Nationwide three days after that to change the bond, but said Nationwide would not allow him to change the product or close the account without penalty charges.

Mr L said he was never told he wouldn't be able to take money out of the bond and he wants his funds returned to resolve the complaint. He said Nationwide's branch manager said he was told about the penalty by the staff member he dealt with, but he wasn't, and the manager wasn't present during this meeting. Mr L said he was given a folder and invited to read a pamphlet, but he had already signed for the bond and had received very little explanation.

Mr L called Nationwide on 1 February 2024 and said he had visited the branch on the last day of the cooling off period (23 January 2024), but got a little confused and decided to leave the money in the bond. Mr L said that he had returned to the branch on 30 January 2024 and requested to move the funds out of the bond and into a regular savings account. Mr L also stated that he would be withdrawing the funds held in his ISA despite the penalty.

In its response to Mr L's complaint Nationwide said its process is to ask the customer to read all documentation including the terms and conditions and confirm that the customer is happy to proceed. The process is to offer more time to read and consider their options if required.

Nationwide set out the terms and conditions. Section 13 states: *'You can close the account and withdraw the whole of the balance during the fixed term, subject to the payment of an early access charge. The early access charge will depend on the length of the fixed term and will be based on a number of days' interest at the rate applicable...as follows:'*

The document explains that for an account with a remaining term of more than one year but under two years, the early access charge would be the equivalent of 180 days' interest. Section 14 of the terms and conditions states: *'The early access charge will not apply if the account is closed early due to the death of the account holder or if the account is closed during the 14 day cancellation period described in the 'Closing your account' section...'*

Nationwide's process also states that staff should read the following statement in relation to cancellation rights: *'If after opening the account you change your mind, you can have your money returned without loss of interest, provided that you tell us of your intention within 14*

days from the date the account was opened. Nationwide said that when Mr L requested the change to the bond it explained to him that the 14-day cooling-off period had passed.

Nationwide checked the branch CCTV and said this shows Mr L was with a staff member for at least half an hour and that she left the room to get leaflets and Mr L put the paperwork in his bag. Nationwide said that Mr L was *'also with a lady who at the start of the chat is taking notes in a notepad'*. Nationwide said on its call with Mr L on 1 February 2024 he said he wasn't given or told the terms and conditions and didn't know about the two-year period. But Nationwide said Mr L also acknowledged he received all the paperwork but didn't read it.

Mr L wasn't satisfied with this and referred his complaint to our service. Our investigator didn't recommend that it be upheld. He said Nationwide had demonstrated that it made Mr L aware of the cooling-off period for the bond. He said Mr L had admitted on his call to Nationwide on 1 February 2024 that he had made a mistake and confirmed he was aware of the cooling off period, having visited the branch during the cooling off period. And so it followed that Nationwide has no obligation to act outside of its terms and conditions.

Mr L requested his complaint be reviewed by an ombudsman. He said his partner didn't take notes during the branch visit to open the bond with Nationwide. And he wouldn't have wanted to invest his savings for two years as this was too long.

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 was sorry to learn that what should have been a straightforward process of opening an account has turned into a prolonged and drawn-out experience for Mr L. Part of my role is to determine whether what took place was fair and reasonable and whether Nationwide followed the process correctly.

I can see from the timeline of events that Mr L opened a two-year bond on 11 January 2024 and made his request to Nationwide to change his two-year fixed-rate bond on 30 January 2024, shortly after the 14-day cooling off period. I can understand Mr L's frustration that he was not able to change the product after a short time of its existence, and I have looked carefully at what both parties have said and done, and the business records provided by Nationwide.

Mr L said Nationwide should help him given the small amount of time since he took the fixed-rate bond. However, Nationwide has acted within their terms and conditions (as set out above) and Mr L has confirmed that he was aware of these terms having been provided with them. Mr L has also confirmed that he was aware of the 14-day cooling off period. This makes sense as he attended Nationwide's branch on the 14th day but said he got confused and decided to leave the money in the bond.

And so when Mr L requested to close the account just three days after the cooling off period, Nationwide advised him correctly that it couldn't close the bond without a penalty. I haven't found that Nationwide has done anything wrong in its advice to Mr L. The bond could not be closed without paying the early repayment charge as detailed in section 13 of the terms and conditions.

Mr L has stated that he wasn't informed about the details of the bond including the term or informed that he could not access the account without penalty after the cooling off period. I have listened to a recording of Mr L's call with Nationwide on 1 February 2024. During this

call Mr L confirmed he was provided with a folder by Nationwide with information about the account, but he said this was after he had agreed the account.

Nationwide has confirmed to us that when dealing with the opening of a savings account there is a savings checklist that staff are required to follow before the account is opened. Nationwide has provided us with a copy of this and it includes information required of Nationwide by its regulator the Financial Conduct Authority.

Nationwide's call handler explained that Mr L simply not wanting the account anymore is not a sufficient reason for it to be closed. Mr L queried whether the bond could be changed to a one-year term but was told this wasn't possible as he'd accepted the two-year term. Mr L said he was never told he couldn't access the funds for two-years. We have the recollection of the staff member who dealt with Mr L, and she recalls telling him about the two year term and providing the terms and conditions as well as information regarding the security limit of £85,000.

Nationwide has demonstrated that its process is to provide customers with the terms and conditions and to verbally inform them of the cooling off period. While there is no way of proving without doubt that this process was followed, Nationwide has confirmed after checking its CCTV that Mr L had a meeting about the accounts for over 30 minutes and was provided with documentation during this time. On the balance of probability, I think Nationwide's process was followed.

Mr L said he was advised he would get more for his money if he put funds into another provider's ISA and he thought this was unprofessional. Mr L also acknowledged he had made a mistake by taking out a two-year bond. I can see that Mr L subsequently withdrew most or all of his savings from Nationwide and paid the applicable penalties. The interest penalty charged by Nationwide in respect of the early closure of Mr L's ISA appears to have been correctly charged under the terms of the account.

I was sorry to learn that following Mr L's closure of his accounts with Nationwide he has lost interest. Mr L confirmed he visited Nationwide on day 14 of the cooling off period to discuss changing the account but changed his mind. He states in the call that he then changed his mind again three days later.

Having considered what happened here, I think it likely that Nationwide made best efforts to make Mr L aware of what he was agreeing to concerning the bond, but Mr L may have missed the key point of the bond's term and changed his mind when he realised what he had signed up to. Unfortunately this was outside of the cooling off period and so Nationwide, in common with other financial institutions were bound by the terms and conditions of the account.

I think that Nationwide has treated Mr L fairly and reasonably in its handling of his accounts and so it follows that I can't reasonably require it to take any action in respect of Mr L's complaint.

My final decision

For the reasons I have given it is my final decision that the complaint is not upheld.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 30 October 2024.

Andrew Fraser
Ombudsman