

The complaint

Mr Y is unhappy that Nationwide Building Society consider him to have set up a standing order to make monthly payments to his credit card account that he believes he never set up.

What happened

Mr Y has a credit account to which he made manual payments each month from his Nationwide current account to precisely repay his monthly credit account spend. On 7 October 2023, Mr Y credited £78.00 into his Nationwide current account which he intended to use to make the monthly manual payment to clear the balance of his credit account. However, that same day, Nationwide processed a standing order payment for £78.73 from Mr Y's current account to his credit account.

The following month, Mr Y began receiving notifications from Nationwide that there wasn't enough money in his current account to allow the upcoming £78.73 standing order payment to be made. Mr Y contacted Nationwide about this, as he had never knowingly set up a standing order, and was told that he did have a recurring payment set up. Mr Y disputed this and continued to make manual payments to clear his monthly credit account balance. This led to two payments being made from Mr Y's current account – the manual payment and the standing order payment – to Mr Y's dissatisfaction.

Nationwide reimbursed the standing order payment back to Mr Y's current account but explained that the standing order remained in place. Mr Y continued to disagree, and the same issue occurred the following month. Mr Y wasn't happy with how Nationwide were administering his account, so he raised a complaint.

Nationwide responded to Mr Y and confirmed that a standing order had been set up in October 2023 to make payments of £78.73 to his credit account on a recurring basis each month. Mr Y didn't accept the response Nationwide issued to his complaint, so he referred his complaint to this service.

One of our investigators looked at this complaint. But they felt it was most likely that Mr Y had set up a standing order by mistake and that Nationwide hadn't acted unfairly in how they'd managed the situation, and so didn't uphold the complaint. Mr Y remained dissatisfied, so the matter was escalated to an ombudsman for a final 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.

Mr Y is forthright in his opinion that he never set up a standing order on his account, and that therefore Nationwide have made an error here in setting up the standing order on his account themselves. Conversely, it remains Nationwide's position that the standing order was set up on Mr Y's account as the result of a valid instruction to do so from Mr Y.

In circumstances such as this, where the testimonies of the complainant and respondent

business sit in contradiction to one another, I must decide which of the two versions of events I feel is most likely to have happened, on balance, and in consideration of all the information available to me.

In this instance, it seems to me that there are three possible explanations as to what happened here. The first is that Mr Y did accidentally and unknowingly set up a standing order on his account. The second is that Nationwide mistakenly set up a standing order on Mr Y's account. And the third is that an unknown third-party gained access to Mr Y's account and set up a standing order from it.

The three possibilities I've listed above are founded on the fact that a standing order was set up on Mr Y's account. This is demonstrated by the standing order payments that subsequently took place, and I consider it self-evident that a standing order was set up on Mr Y's account – the outstanding question being by whom.

Upon consideration, I feel that it's both most plausible and most likely that Mr Y did accidentally set up a standing order on his account, but having done so, was unaware that a standing order had been set up.

One reason for this is that Nationwide have provided this service with details of the standing order instruction which they've demonstrated to my satisfaction was instructed from Mr Y's online banking on 6 October 2023.

I'm aware that Mr Y disputes the validity of Nationwide's standing order instruction submission. But to reiterate, I'm satisfied that the information provided by Nationwide in this regard is legitimate. And this consequently means that I'm satisfied that Nationwide received a valid instruction to set up a standing order on Mr Y's account on 6 October 2023.

My acceptance of the above means that I discount the possibility that it's most likely that Nationwide themselves incorrectly set up a standing order on Mr Y's account, having received no instruction to do so. I would also question why Nationwide would choose to randomly set up a standing order from Mr Y's account without an instruction to do so. And I also feel that it's highly unlikely that Nationwide would fabricate a standing order instruction when questioned about it, as the presence of the standing order instruction that Nationwide have presented to this service would imply in this scenario that they did do.

I therefore accept that Nationwide did most likely receive a legitimate instruction to set up a standing order on Mr Y's account, and that instruction came from Mr Y's online banking account. Accordingly, I feel that either Mr Y himself or an unknown third party must have provided that instruction to Nationwide.

Considering these two possibilities, I feel it's unlikely that an unknown third party would gain access to Mr Y's online banking – being able to pass the requisite security measures to do so – and then choose to use that illicitly gained access to set up a standing order for £78.73 payable to Mr Y's credit account. And I feel that it's far more plausible and likely that Mr Y himself set up the standing order from his account, but wasn't aware that he had done so.

I also note that in his correspondence with this service, Mr Y appears to have confused direct debit payments and standing order payments, with Mr Y being adamant that he has never set up a direct debit payment on his account.

But while direct debit payments and standing order payments both result in regular recurring payments being made from an account, they have important differences. One of these is that a direct debit payment is set up by the bank, having received a formal instruction of the account holder to set up the direct debit. Conversely, a standing order is set up by the

account holder directly, with the bank not being responsible for its set up but only for executing the instruction to make the standing order payments each month. Also, a standing order payment won't show up in a list of account direct debits because it is not a direct debit.

I note that Mr Y stated to Nationwide that he had never set up a direct debit. Nationwide agreed but confirmed that the recurring payment in question was a standing order and not a direct debit. And Nationwide noted that the responsibility for the setting up a standing order was Mr Y's, and that the setting up of standing order payments wasn't something that they were directly involved in (unlike direct debits).

Ultimately, I feel that the explanation that Nationwide provided to Mr Y in their response to his complaint – that he most likely set up a standing order payment, albeit unknowingly – is the most plausible and most likely explanation of what happened here.

Mr Y has said that it's impossible for him to have set up a standing order for the same amount - £78.73 – to be paid each month. But that's precisely what a standing order is. It's an instruction given by an account holder to a bank to pay a set amount on a set date each month. In this instance, £78.73 on the 7th of each month.

Mr Y has also said that he looked for the standing order payment in his account to cancel it but couldn't find it because it wasn't there. But I feel that Mr Y may have still been confusing standing order and direct debit payments at this time and may have looked to find the payment in his list of direct debits – which, as explained, wouldn't have been possible because a standing order isn't a direct debit. Additionally, the standing order was cancelled in January 2024, and so must have been present on Mr Y's account to have been cancelled.

I realise this won't be the outcome that Mr Y was wanting, but it follows from all the above that I won't be upholding this complaint or instructing Nationwide to take any further action.

This is because I feel that what's most likely to have happened here is that Mr Y did unknowingly set up a standing order on his account by accident. And I feel that Nationwide's subsequent administration of Mr Y's account – including the notifications and the paying of the standing order payment – were fair and reasonable in consideration of the legitimate standing order instruction that they received.

I hope that Mr Y will understand, given everything that I've explained, why I've made the final decision that I have.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr Y to accept or reject my decision before 9 September 2024.

Paul Cooper
Ombudsman