

The complaint

Mrs B complains that Nationwide Building Society didn't take action when her activity changed significantly on her account, and she entered a period of compulsive spending and gambling.

What happened

Mrs B explained that due to the medication she was taking she entered a period of compulsive spending including gambling in April 2023 – and she has provided evidence to support this. She said that this activity wasn't normal, and she hadn't gambled prior to this period. She thought that Nationwide should have contacted her during the four-month period that this was ongoing to query the transactions as she was vulnerable at the time and Nationwide should have intervened.

Nationwide issued a final response letter dated 21 September 2023. It said that as Mrs B had made the transactions from her account it wasn't able to claim these back. It reviewed its interactions with Mrs B over the previous years and said that it had tried to contact her on several occasions between 2016 and 2023 about her account usage as it was concerned and wanted to offer help. However, it said it didn't hear back from Mrs B. It said it also contacted Mrs B in July 2023 about transactions on her account and she confirmed these were genuine. It said that now it was aware of the situation its Specialist Support Team could provide assistance.

Nationwide noted Mrs B's comment that she didn't have the capacity to make spending decisions at the time and said if further evidence was provided it could explore further options regarding her accounts. Mrs B provided further evidence, but Nationwide said its decision hadn't changed and referred Mrs B to its Specialist Support Team again.

Mrs B wasn't satisfied with Nationwide's response and referred her complaint to this service. She said she was given false hope that by sending further evidence the outcome could be changed but this didn't happen. She said that Nationwide should have systems in place to check accounts and flag unusual behaviour.

Our investigator upheld this complaint. He reviewed Mrs B's account for the period before April 2023 and said that while she was using her overdraft this was for general day to day activities. From 22 April 2023 Mrs B started to spend on gambling. He noted that the transaction amounts were initially for £10 to £20 but by mid-May they were £30 to £50, and they then further increased to £100. He said that the accounts showed Mrs B making several gambling transactions within a day. This spending pattern continued until mid-September 2023.

Our investigator noted that Nationwide tried to contact Mrs B during this period about her overdraft usage and that when Mrs B contacted it in September 2023, it referred her to its Specialist Support Team and offered to apply a block to gambling merchants. He thought this reasonable.

However, our investigator thought that given the sudden and extreme change in behaviour

on Mrs B's account that this should have prompted Nationwide to contact her. He noted that Nationwide tried to contact Mrs B about her overdraft usage but couldn't see it had specifically tried to contact her about her change in account behaviour. He said that while he couldn't say what would have happened had Nationwide reached out to Mrs B at that time, he thought it might have had a mitigating impact. He said that he wasn't able to require Nationwide to refund the transactions Mrs B made but because he didn't think it provided the support it should have, he recommended it pay Mrs B £350.

Mrs B asked for her complaint to be passed to an ombudsman. She said she only received information about Nationwide's Specialist Support Team when she raised her complaint and not in the preceding months when she was spending large amounts gambling. She said there was no meaningful contact about her use of the account, and she said that Nationwide should have made attempts to contact her given her vulnerability shown by her change in account usage. She also reiterated that she felt misled by the final response saying that she could provide further evidence and then after she had done this receiving a further letter saying the outcome hadn't changed.

My provisional conclusions

I issued a provisional decision on this complaint because, while I agreed with the outcome of our investigator, I came to a different conclusion in regard to the redress. The content of my provisional decision is set out below.

I am sorry to hear of the extremely difficult time Mrs B has experienced and the ongoing issues this has caused her. When considering a complaint, I take into account relevant law and regulations, regulators' rules, guidance and standards but my decision is based on what I consider fair and reasonable given the unique circumstances of the complaint.

Mrs B has explained that due to the medication she was on she entered a period of compulsive spending including substantial gambling. Mrs B had an overdraft facility on her account, and I can see from her account statements that she was making use of this in the period leading up to April 2023. However, her use of the account was for general day to day spending and while her reliance on the overdraft could have raised concerns (and I note Nationwide had attempted to contact her about repeat use) I do not find that her account activity appeared to be an issue up to that point.

However, in April 2023, Mrs B started to make multiple payments to gambling sites after having no previous history of gambling. In the following few months Mrs B appeared to be spending compulsively and frequently gambling with multiple transactions happening within the same day. This was a very different spending pattern to that which is seen in Mrs B's account statements prior to April 2023.

Mrs B contacted Nationwide in September 2023 and it told her about its Specialist Support Team as well as providing other advice. It also told Mrs B that it could place a block on the account to stop payments to gambling merchants. At this time, the notes provided by Nationwide showed that Nationwide considered refunding Mrs B the interest and charges applied to her overdraft for the period of 31 March 2023 to 31 August 2023. It isn't clear if this happened, but given Mrs B's situation, I think this would have been a reasonable response.

The outstanding issue is whether Nationwide should have done more before Mrs B made contact in September 2023, given the unusual activity on her account. Nationwide has provided details of the contact it made during this period, and I can see that it did try to contact Mrs B about her overdraft usage and a repeat usage letter was sent in July 2023. As no response was received a call was attempted in August 2023 but this was unsuccessful

and so a further letter was sent. This shows that Nationwide was monitoring Mrs B's account at the time.

Nationwide did try to contact Mrs B, but this was about her overdraft usage rather than to discuss the change in activity on her account. While I accept that Nationwide wouldn't immediately attempt contact about a customer starting to gamble (and depending on the extent of the activity it might not be appropriate to make any contact), in this case, I think that it would have been clear quite quickly that Mrs B's usual activity had changed and a pattern of compulsive spending including gambling had emerged. At this point I think that Nationwide should have been concerned that Mrs B was vulnerable and taken further steps to attempt contact and provide support.

I cannot say what would have happened had Nationwide taken further steps at that time – and I note that Mrs B didn't engage with its contact attempts regarding her overdraft - but I think it should have done more and had this happened, it is possible that Mrs B's spending could have been curbed sooner.

Taking all of the above into account, I do not find that I can say that Nationwide is required to refund the transactions Mrs B made during her period of compulsive spending (between April and September 2023) but I do think it should pay her compensation in acknowledgement that it should have identified her as vulnerable and taken further steps to assist.

Mrs B has also complained that she was given false hope in the final response letter by the offer of considering further information. I can understand why she feels this and how upsetting it would have been for Mrs B to have felt she could have further evidence considered and then, when she sent in her medical evidence which clearly stated the cause of her change in behaviour and her vulnerability, this didn't change the outcome. While I note that in response to Mrs B's medical information, Nationwide reiterated that it has a Specialist Support Team that could contact Mrs B, given the content of what Mrs B provided, I think it should have responded directly to the issues she had raised and ensured that the complaint was considered in light of these.

In conclusion, while I do not find I can require Nationwide to refund the transactions Mrs B made between April and September 2023, when she was compulsively spending and gambling, I do think it could have done more to support Mrs B at this time. I also find that it should have offered more support after Mrs B provided very sensitive and personal information about her medical situation and her vulnerability. Because of this I find that Nationwide should, if it hasn't already, refund the interest and charges applied to Mrs B's overdraft between 31 March 2023 and 31 August 2023 and pay her £500 compensation.

Mrs B responded to my provisional decision saying she had no further evidence to provide but referring to a previous ombudsman decision where the gambling losses were upheld.

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 thank Mrs B for her response to my provisional decision and I have looked through the other decision she has referred to. I want to note that every complaint is dealt with based on its individual merits and I want to reassure Mrs B that I have fully considered the unique circumstances of her situation and my decision is based on what I consider fair and reasonable given this.

As I have previously noted, I find that the response provided by Nationwide in September 2023 when Mrs B contacted it about her circumstances was reasonable. However, I think it should have identified Mrs B as vulnerable before this time, given the significant change in her account activity, and taken steps in response to this.

While Nationwide did try to contact Mrs B about her overdraft usage, I can't see that it specifically attempted to contact her about her change in account activity. That said, as contact was attempted during this period – through letter and an attempted call – and Mrs B didn't engage with these contact attempts, I cannot say with any certainty that had Nationwide attempted contact about her account activity that Mrs B would have responded to this. That said, Mrs B's usual activity had changed and a pattern of compulsive spending including gambling had emerged and I think this would have been clear to Nationwide at which point I think it should have done more to attempt contact and provide support.

Taking all of the above into account, I do not find that I can say that Nationwide is required to refund the transactions Mrs B made during her period of compulsive spending (between April and September 2023) but I do think that, as it had considered, it should refund any interest and charges applied between 31 March 2023 and 31 August 2023 (if this hasn't already happened).

When considering the provision of compensation for Mrs B, I have taken into account that I think Nationwide should have done more in response to the change in activity on Mrs B's account, and also that it should have offered more support after Mrs B provided very sensitive and personal information about her medical situation and her vulnerability.

So, for the reasons set out in my provisional decision above, I find that Nationwide should, if it hasn't already, refund the interest and charges applied to Mrs B's overdraft between 31 March 2023 and 31 August 2023 and pay her £500 compensation.

Putting things right

Nationwide Building Society should:

- refund Mrs B any interest and charges applied to Mrs B's overdraft between 31 March 2023 and 31 August 2023; and
- pay Mrs B £500 compensation for not providing the support it should have.

My final decision

My provisional decision is that Nationwide Building Society should take the actions set out above in resolution of this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 29 August 2024.

Jane Archer
Ombudsman