

The complaint

Mr M complains Nationwide Building Society didn't contact him when there was unusual activity on his account. He also complains that Nationwide Building Society didn't provide him with a letter about the activity he needed when he asked for it. He says this meant there was a delay in accepting a mortgage application he'd made causing him loss.

What happened

Mr M had an account with Nationwide for many years which he's now closed.

On 3 August 2023 Mr M called Nationwide to say that he'd discovered his son had been using his account to place bets online. The agent he spoke to looked into this and said that they could see around £27,000's worth of bets and some large winnings too and that it looked like he'd lost around £8,000. Mr M complained saying that Nationwide should have contacted him as the activity on his account was unusual. He asked for a refund.

Nationwide looked into Mr M's complaint and said that it wasn't going to be able to refund him because, amongst other things, this appeared to be a civil dispute. Nationwide did so on 14 August 2023. On 24 August 2023 Mr M asked Nationwide for a letter confirming what it had said about his son using his account to gamble and about the matter being a civil dispute rather than fraud. He complained on 14 September 2023 when this didn't happen. In the meantime, on 6 September 2023, Mr M says he had an application for a mortgage on a buy to let property he'd been trying to arrange declined because his statements showed so many gambling transactions. Nationwide apologised for not doing what Mr M had asked and issued a final response offering £50 in compensation. Nationwide did so on 18 September 2023. Mr M says Nationwide's final response allowed him to successfully appeal the decision not to offer him a mortgage. His appeal succeeded on 21 September 2023. Mr M says the delay cost him money. So, he complained to Nationwide about this too.

Mr M closed his account using the switch process after what happened. The switch didn't go as smoothly as it could have done. Mr M complained about this too. Nationwide looked into what had happened and offered him an additional £50 in compensation.

One of our investigators looked into Mr M's complaints and initially recommended £300 in compensation for the error that Nationwide had admitted to – namely not sending a letter confirming what it had said about his son using his account to gamble and about the matter being a civil dispute rather than fraud. Our investigator also recommended an additional £50 in compensation for the inconvenience Mr M was caused as a result of the switch process not going as smoothly as it could have done. Both parties commented on our investigator's recommendation and provided additional evidence. They both agreed that the additional £50 in compensation for the inconvenience Mr M was caused as a result of the switch process not going as smoothly as it could have done was fair. So, that issue is now resolved.

Having considered the additional evidence both parties had sent in, our investigator recommended that Nationwide compensate Mr M for the financial loss he says he suffered as a result of the delay to his mortgage application rather than pay £300 in compensation. Nationwide was unhappy with that recommendation for a number of reasons and asked for

Mr M's complaint to be referred to an ombudsman for a decision. His complaint was, as a result, passed to me.

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.

Last month I issued a detailed provisional decision explaining why Nationwide not contacting Mr M to say there was unusual activity on his account and not refunding the gambling transactions wasn't unfair. In effect, I said that the transactions weren't sufficiently unusual or concerning to have reasonably triggered an intervention given that there was a history of gambling on the account – going back more than a year – amongst others things. I also said that the gambling transactions Mr M had complained about resulted in a "profit" rather than a "loss" given that there were substantial winnings so there was nothing to refund. In my provisional decision, I also said why I didn't think Nationwide needed to compensate Mr M for the financial loss he says he suffered as a result of a delay to his mortgage application. Although Nationwide had accepted that it made an error – in that it didn't send a letter when Mr M had asked it to do so – I explained in my provisional decision why I didn't think that error should mean Nationwide should be liable for any financial loss Mr M suffered. In short, I said that Nationwide hadn't investigated in detail how the gambling transactions had been carried out and so wasn't in a position to say that Mr M's son had used his account to place bets. So, I didn't think a final response ought to have made any difference to Mr M's mortgage application, and I didn't think Mr M could reasonably have expected Nationwide to confirm that it was his son who had used his account to gamble as that wasn't something it had investigated or needed to investigate.

In my provisional decision I said:

"For those reasons, I don't think it's fair to say that Nationwide should be liable for the financial loss Mr M says he suffered as a result of the delay to his mortgage application because I don't agree those losses were as a result of Nationwide's actions or inactions. In many ways, Mr M is fortunate that the mortgage company interpreted Nationwide's final response the way that it did and agreed to re-mortgage his property."

I did, however, accept that Nationwide's error had caused Mr M additional distress and inconvenience and said that I was minded to award £300 in compensation for this. That was in addition to £100 that Nationwide offered to pay Mr M for a switch that didn't go smoothly.

Both parties were invited to respond to my provisional decision. Mr M did. He said he was very unhappy with the outcome and that he was out of pocket as a result of Nationwide's failure to write a letter for him about his son using his account to place gambling bets. He said he'd like to discuss my decision further, and I've since spoken to him. He's since said that if I remain of the view that Nationwide doesn't need to compensate him for the financial loss he says he made as a result of the delay to his mortgage application, then I should award him more than £300 in compensation for distress and inconvenience as he considers that amount to be derisory. He asked for something more in keeping with the financial loss he'd incurred. In other words, around £3,500 in compensation for distress and inconvenience. Nationwide said it had nothing to add.

I've spoken to Mr M several times during this complaint and based on the evidence on the file and on what he's told me, there are a large number of inconsistencies in what he said to Nationwide – and in what he's said to us and to me. I remain of this view, and gave Mr M some examples when I spoke to him. I do, therefore, think Mr M is fortunate that his

mortgage company read Nationwide's final response dated 18 September 2023 the way it did. It follows that I remain of the view that Nationwide shouldn't be liable for the financial loss Mr M says he's made – directly or indirectly. That includes awarding Mr M £3,500 in compensation for the distress and inconvenience he's experienced – which is what he's invited me to do. That award has to be based on the impact of the business' error on the customer and in line with our guidance. In this case, an award of £300 is fair.

Putting things right

I remain of the view, for the reasons that I've given, that an award of £300 for the distress and inconvenience Mr M experienced as a result of the error Nationwide has admitted to is fair. So, that's the award I'm going to make.

My final decision

My final decision is that I'm upholding this complaint and require Nationwide Building Society to pay Mr M £300 in compensation for the additional distress and inconvenience it caused Mr M not writing to him when he asked it to do so. That's in addition to the £100 it offered to pay Mr M for the switch that didn't go smoothly.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 8 October 2024.

Nicolas Atkinson
Ombudsman