

The complaint

Mrs F has complained Nationwide Building Society added an additional accountholder to one of her Nationwide accounts which enabled the joint accountholder to withdraw money with Mrs F's authority.

What happened

Mrs F is elderly. She lodged a power of attorney with Nationwide nominating her daughter, Ms S, as an attorney for her accounts.

In 2019 Nationwide received confirmation from Mrs F that she wished to remove Ms S as an attorney. They wrote to Mrs F on 29 July 2019 confirming this had been done. In 2019 they'd also received applications from Mrs F to add another daughter, Mrs R, as a joint account holder to some of her accounts. Mrs R was successfully added as a joint accountholder to at least two of Mrs F's accounts held with Nationwide.

A letter and accompanying application dated 12 August 2019 was then sent to Nationwide. This requested Mrs R to be added as a joint accountholder to Mrs F's account ending 6146 with Mrs F's and Mrs R's signatures. Nationwide added Mrs R to Mrs F's account with effect from 25 September 2019.

In October 2019 Mrs F asked Nationwide to reinstate Ms S as her attorney. In April 2020 she raised her concerns with Nationwide that Mrs R had falsified information leading to her becoming a joint accountholder. On 2 May 2020 Mrs R transferred £7,526 from Mrs F's account ending 6146 to one of her sole accounts.

Ms S, assisting her elderly mother who is now in her late 90s by virtue of the power of attorney she holds, has asked Nationwide to refund these funds which she believes were unauthorised. She feels that their actions in adding Mrs R to these accounts led to this action and they shouldn't have done this as they were acting against their own procedures.

Another ombudsman completed a final decision relating to the account ending 5152 on 1 November 2022.

Our investigator didn't believe that Nationwide had done anything wrong. At the time they added Mrs R to the account ending 6146, she was already a joint accountholder on two other accounts with Mrs F. They therefore wouldn't have required further ID checks than the written application form completed with two signatures. As Mrs R was a joint accountholder, she was authorised to make a transfer of £7,526.

Ms S believed this was wrong and provided further evidence on this aspect which our investigator considered. As no agreement could be reached, Mrs F's complaint has been referred to an ombudsman.

I completed a provisional decision on 29 July 2024 upholding this complaint and explaining why.

Ms S accepted this outcome, as did Nationwide. I now have all I need to complete my 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.

Having done so, I've reached the same outcome as I did in my provisional decision. I'll explain why.

Where there is a dispute about what happened, I have based my decision on the balance of probabilities. In other words, on what I consider is most likely to have happened in the light of the evidence.

When considering what is fair and reasonable, I'm required to take into account: relevant law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to have been good industry practice at the relevant time.

The regulations which are relevant to Mrs F's complaint are the Payment Services Regulations 2017 (PSRs). These primarily require banks and financial institutions to refund customers if they didn't make or authorise payments themselves.

I don't believe there's anything within the original application, to make this account ending 6146 a joint account, which would alert Nationwide to any issue. As I have noted within the background to this complaint, Mrs R was already a joint accountholder to at least two other accounts that Mrs F held with Nationwide. I can't fault Nationwide's actions in doing this initially. I know Ms S has raised issues relating to the tax status of Mrs R which she believes should have alerted Nationwide to an issue, but I don't believe these aspects have any impact on the outcome I'm making.

However, I believe there were issues with what happened later.

I believe the PSRs are relevant because I've noted correspondence from Mrs F to Nationwide including letters dated 22 and 30 April 2020. These clearly indicate that Mrs F had concerns that her daughter, Mrs R, had falsified applications to become a joint accountholder without her consent.

I'm unable to know exactly when these letters were received by Nationwide but it is clear that these allege fraud which I would hope Nationwide would be alert to and take immediate action on. What is also clear to me is that these letters confirm that Mrs R had no authority to be a joint accountholder and therefore no authority to complete a transfer on 2 May 2020 for £7,526.

I therefore believe this disputed transaction should be refunded to Mrs F, along with 8% simple interest from 2 May 2020 to the date of settlement.

My final decision

For the reasons given, my final decision is to instruct Nationwide Building Society to refund £7,526 to Mrs F, along with 8% simple interest from 2 May 2020 to the date of settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs F to accept or reject my decision before 9 October 2024.

Sandra Quinn
Ombudsman