

## The complaint

Mr D complains Nationwide Building Society made mistakes after he switched his current account to them using the Current Account Switch Service ("CASS").

## What happened

On 20 December 2023 Mr D switched his current account to Nationwide using the CASS. The first round of direct debits on the account in January 2024 were paid from the new Nationwide account. But in February some of the direct debits weren't paid. Mr D contacted Nationwide and later made a complaint.

Nationwide sent a final response letter ("FRL") on 19 March 2024 in which it told Mr D his original bank had confirmed to them they had made a mistake when manually inputting the reference details of some Direct Debits and ongoing bill payments on his account. Nationwide told him it hadn't done anything wrong with the initial transfer. Nationwide said the original bank's mistake meant, after the first payments in January 2024, subsequent payment attempts were rejected. Nationwide told Mr D this problem had affected many switches from that original bank to itself. But it agreed that the issue with some of the direct debits failing following the CASS shouldn't have happened as Nationwide should have resolved the issue and advised him how to remediate sooner than it had. It appreciated this issue meant his credit file had been negatively affected, he'd been charged for late payments and spent a lot of time trying to get to the bottom of the issue. And due to this Nationwide offered him £150 compensation to say sorry.

Mr D was unhappy with this response and, although Nationwide's position remained the same, in a follow up letter dated 25 March 2024, it told him it believed awarding him a further £100 compensation to be a fair outcome. And it told him, to get the failing direct debits paid, he would have to approach the merchants to set up new direct debit mandates for them on this account. And in a final letter on 3 April 2024 Nationwide added a further £20 compensation for the actual cost of the branch trips Mr D had made to sort this out.

Our investigator upheld the complaint. She didn't think Mr D had been treated fairly by Nationwide. She was satisfied he'd followed the correct process which meant that as the switching bank Nationwide should transfer all the direct debits and Mr D didn't need to contact the companies himself. She thought the £250 Nationwide paid didn't recognize the impact on him and a further £150 should be paid.

Nationwide didn't agree and asked for an ombudsman decision. It thought the reason for the compensation was its acceptance it should have advised how to remediate sooner than it did and looked into the issue further. But Nationwide said it had also made it clear the error in the switch was made by the original bank and sent an internal email chain recording this. Nationwide thought the delay in telling Mr D about the original bank's error was covered by that £250 compensation and thought the total amount was more than fair. Nationwide said the switch itself completed without any issues which is why the first month's payments went out. And the issue afterwards was outside its control and weren't even aware of until the original bank told them about the problem.

The matter has come to me 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.

Having done so I've come to the decision that Nationwide haven't acted fairly here and need to take steps to put things right. Firstly, I'll explain my reasons and then I'll set out what I think it should do.

In simple terms Mr D should've had a straightforward switch of current accounts and if that wasn't the case, under the CASS, any issues which cause delay or any other error the account providers will refund any charges or interest incurred because of the error. The switch summary sent by Nationwide shows it completed. And that *all* of the payment arrangements on the account were processed. This included the 18 direct debits on Mr D's current account. Despite this, in February 2024, those direct debits began to fail and Mr D only became aware of problems as each merchant notified him of a problem or missed payment.

Nationwide have sent records of the complaint including an internal email chain concluding on 18 March 2024. The record notes an error on the part of the original bank. The chain concludes with the summary that the original bank didn't use *"the correct references causing the payments to fail ... I feel we bare the responsibility of resolving this issue for our customers but not accepting the responsibility of causing the issue"*. Whilst I acknowledge the evidence submitted by Nationwide in respect of the original bank's actions and mistakes, like our investigator, I think it could have approached matters somewhat differently. I'll explain why.

Whether this problem is seen as part of the switch (and covered by the CASS) or as a problem on his current account Nationwide are responsible for putting this right. By the point problems arose Mr D was Nationwide's customer and, as such, it had responsibilities to him. It wasn't unreasonable for Mr D to expect Nationwide to carry out his ongoing instructions in line with the direct debits he'd set up and switched. I don't think the service he received met those expectations either in terms of the direct debit payments or the line taken by Nationwide once Mr D made them aware the February direct debits began to fail.

Nationwide accept they could've acted sooner to remediate here and also accepts the responsibility of resolving the issue for Mr D. Like our investigator, I think Nationwide could have done more to treat Mr D fairly and reasonably when he brought this problem to its attention. I think it was reasonable to assume that something fundamental had gone wrong here given the number of merchants/originators contacting Mr D to say there was a problem with his February 2024 payment. I think Nationwide's approach to the problem, certainly in the initial stages, aggravated the problem. It repeatedly told Mr D there was no problem at their end and merchants weren't requesting payments. Mr D contacted Nationwide on more than one occasion, and initially their response was to check their records and reiterate it had found no errors. It seems its only with Mr D's persistence and the matter being escalated to a complaint was the external mistake discovered and explained. I don't think Mr D's efforts to get to that point should be underestimated. Nor should the impact of these failings on Mr D.

Some of the payments that failed were in respect of important contractual obligations Mr D had with the payees, such as his mortgage and credit card agreements. He'll undoubtedly hold concerns about this impact this episode may have had on his credit file until corrections were filed. I can also appreciate Mr D spent significant time gathering evidence to persuade Nationwide to fully investigate the root cause of the direct debit problem including time spent

on the phone, emails and in branch. So, although I appreciate Nationwide think the £250 offered along with the £20 for branch visits, was more than fair, I disagree. I think the inconvenience is properly reflected in an increased compensation payment of a further £150.

### **Putting things right**

In order to properly reflect the distress and inconvenience Mr D has suffered here I think Nationwide should pay a further £150 compensation to Mr D. That brings compensation to a total of £420 when taking into account the £270 already offered.

### **My final decision**

For the reasons given above my final decision is that I uphold this complaint. Nationwide Building Society should pay Mr D a further £150 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 2 January 2025.

Annabel O'Sullivan  
**Ombudsman**