

The complaint

Mr C complains about the service he received after Nationwide Building Society blocked payments from his account.

What happened

Mr C holds a current account with Nationwide. At the end of May 2024, Nationwide held some transactions for security checks. Mr C was unhappy that Nationwide didn't tell him about the need for checks until the next day. When he spoke with Nationwide, it told him that his account would be left overdrawn if it released the payments when this wasn't the case. Mr C says that by the time the money arrived, the rate of exchange had dropped.

Mr C wants Nationwide to compensate him for the stress and inconvenience caused, together with the loss he suffered. He also wants Nationwide to apologise and admit that the advisor he spoke to from the fraud team was incompetent.

Nationwide explained that it operates a policy of not contacting customers by phone or text message between 7:45 pm and 8 am. As it picked up the security flag on 27 May 2024 within these times, Nationwide contacted Mr C at 8 am on 28 May 2024.

Nationwide apologised for the misinformation it gave Mr C during the call but said this had been corrected during the same call and feedback would be given to the member of staff concerned.

Our investigator didn't ask Nationwide to take any steps in response to Mr C's complaint. She said the terms of his account allow Nationwide to restrict services and payments in certain circumstances. Our investigator thought Nationwide treated Mr C fairly when it applied the same process to him that it would use for all customers. This also meant that she didn't think Nationwide was responsible for any exchange rate loss, saying that in any event, Mr C asked Nationwide to send the payment in sterling so it was not responsible for the rate used.

Our investigator agreed that Nationwide gave Mr C some incorrect information about his available funds during the call on 28 May 2024. But as Nationwide released the payments, corrected the misinformation during the call, and apologised, our investigator didn't make an award of compensation.

Our investigator thought that Nationwide dealt with Mr C's complaint within a reasonable timeframe.

Mr C responded to say that although our investigator had listened to two calls, there should have been three. Our investigator obtained a recording of the call that Mr C had with Nationwide on 7 June 2024. She said it didn't change her view that Nationwide had dealt with Mr C in a reasonable way. Our investigator noted that Mr C asked what would have happened had he been out of the country at the time he received the text but said she could only assess the impact on him based on what actually happened.

Mr C still doesn't agree that Nationwide should have called him after 8 am the next day. He also doesn't accept that Nationwide made such a simple mistake during the call on 28 May 2024. He said Nationwide should have known the transactions had left his account and were just being held up for checks.

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 C has previously clarified that he doesn't have an issue with fact that Nationwide held the payments for additional checks. Instead, he is concerned about the process that Nationwide used, including its conduct during the call he had with the fraud team on 28 May 2024. So, I have focussed my attention on these two aspects of the complaint.

Turning first to the timing of the text alert, the evidence supplied by Nationwide shows that it flagged the transactions for further checks shortly before 8pm on 27 May 2024. This followed multiple large payments to the same external account in Mr C's name. Nationwide conducted further checks overnight but needed to contact Mr C to discuss its concerns further. As it is Nationwide's internal policy, informed by industry guidance, to not communicate with customers during what might be viewed as antisocial hours, it sent a text to Mr C around 8 am on 28 May 2024. I am satisfied that Nationwide dealt with the flagged transactions fairly and in line with its usual policy. It follows that I don't find it treated Mr C unreasonably.

I have listened to the call that Mr C had with Nationwide on 28 May 2024. I appreciate that he found some of the questions intrusive but Nationwide must have systems in place to protect its customers from potential scams. Although Mr C was sending money to an external account in his name, he had tried to make several fairly large payments in quick succession. Some scams involve multiple smaller payments as this can reduce the effect of transaction limits. So, I don't think it was unreasonable for Nationwide to want to check that the payments were genuine and had not been made under duress or through deception.

Mr C told Nationwide that after receiving the money into his external account, he was going to forward it on to a relative living overseas. There has been a recent rise in the number of impersonation scams involving criminals posing as family members. So, I can't say it was unreasonable for Nationwide to ask for further information about the transactions. As I don't consider Nationwide acted unfairly when it held the transactions for further checks, I don't require it to make up any loss caused by changes in the exchange rate.

I appreciate that Mr C was unhappy when Nationwide told him that by approving the transactions, his account would become overdrawn. He says he would not have expected such a basic error from someone in the fraud team. Nationwide says this may have been because it looked at one part of his profile, without seeing the credits he had made to his flex account. I accept that Nationwide made a mistake about how much money would be left in Mr C's account if it released the payments. But it is not our role to penalise a business just because it made a mistake – that falls to the regulator, the Financial Conduct Authority. Instead, I need to consider the impact the mistake has had on the consumer. In Mr C's case, after he explained that he had transferred enough funds to his flex account to cover and make the payments, Nationwide corrected the error during the same call and apologised. I think the impact of the mistake was brief and not significant enough to justify an award of compensation. I think that Nationwide's apology for the misinformation and feedback to the staff member involved, goes far enough to put things right.

My final decision

My final decision is that I don't require Nationwide to take any further steps in response to Mr C's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 7 November 2024.

Gemma Bowen
Ombudsman