

## **The complaint**

Mr W and X complain that Nationwide Building Society (“Nationwide”) failed to protect their account leading to unnecessary stress and inconvenience.

## **What happened**

Mr W is the principal person involved with this complaint, so where appropriate, I’ll refer to him for ease of reading. Mr W explained that access to their Nationwide accounts had been blocked. At the time they were overseas for an extended period and after contacting Nationwide, it appeared that a fraudster had changed details on their account.

Nationwide received several calls from a fraudster (I’ll refer to them as F) over several days. F was able to convince Nationwide that he was the account holder and Nationwide allowed various changes to be made to the account, culminating in a new online registration for online banking. At this point, Nationwide were able to determine that there was a problem and blocked the account from being used by F and changed the false information back to Mr W’s original details.

Because the account was blocked, Nationwide asked Mr W to attend a branch with his ID to ensure that the account was protected from any further attempts by F to exploit it. At the time, Mr W and X were abroad for several months, so were unable to attend a branch.

Nationwide advised Mr W to amend his direct debits as they were also affected by the block. Mr W later said that it took much trouble and effort to rearrange everything, including new direct debits and other regular payments. He said as a result of these changes, he overpaid some accounts.

Mr W complained to Nationwide about the handling of their account and particularly the way that F had been able to pass Nationwide’s telephone security procedures. Mr W obtained a copy of the transcripts of the calls between Nationwide and F where it appeared that F didn’t know critical information about his telephone banking Passnumber. Nationwide asked another question and were satisfied they were speaking with the real account holder.

Other calls were dealt with similarly with F (pretending) to have call difficulties or not hearing Nationwide’s request and failing to offer the Passnumber, then being asked an alternative question.

Mr W complained that Nationwide had failed to protect the account and as a result had to spend a considerable amount of time dealing with the block put on by Nationwide and the resulting issues with the direct debits.

Mr W had a further complaint concerning his request for personal information. Nationwide later accepted they’d not provided a good service and paid a total of £250 to Mr W and X to recognise the impact this had had on them.

Nationwide didn’t believe they’d done anything wrong in relation to the security on the account and how they’d subsequently dealt with the situation. Nationwide recorded a

protective registration with a fraud prevention organisation to assist with protecting Mr W and X from further fraud attempts against them.

Mr W and X were left unhappy with Nationwide's handling of the matter and brought their complaint to the Financial Ombudsman Service for an independent review.

An investigator was assigned to the complaint and looked into the information provided by both parties.

Mr W and X confirmed what had happened and provided transcripts of calls between F and Nationwide. They repeated their assertion that Nationwide's poor security processes led to the breach of their account and enabled F to change their details. This led to months of inconvenience and difficulties re-arranging regular payments (which then appeared to be unnecessary). Mr W and X wanted an additional payment from Nationwide.

Nationwide provided information about the complaint and asserted that they'd followed their procedures and the £250 already paid also included a payment for the wrong information concerning the direct debits given to Mr W.

After reviewing the evidence, the investigator thought that Nationwide had followed their procedures when speaking with F. They also thought the £250 payment was an appropriate amount to recognise the trouble caused to Mr W and X.

Mr W and X disagreed, arguing that:

- the £250 was in relation to problems with the information request and didn't include any other part of their complaint.
- No compensation was received for the trouble caused by the misleading information about the direct debits and other regular payments set up on the account.
- Compensation was insufficient and based on Mr W's daily consulting rate, should be much higher.
- They reiterated that Nationwide failed to protect their account when it was clear that F didn't know critical security information but was allowed to gain access to their account.

As no agreement could be reached, the complaint has now been passed to me for a decision.

I issued my provisional findings on the merits of Mr W and X's complaint on 30 October 2024. In my provisional findings, I explained why I intended to uphold their complaint and offered both sides the opportunity to submit further evidence or arguments in response. An extract of that decision is set out below and forms part of this final decision:

"What I've provisionally 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 was sorry to hear of the trouble caused to Mr W and X after their account was taken over by F. My understanding is that there hasn't been any substantive loss and the account is now back in the proper control of Mr W and X.

It's clear here that F was able to acquire certain details about Mr W. It's unlikely that we'll ever know where that information came from, but I think it's worth noting that it was F who set out to take over the account.

Nationwide are required to protect their customer's account and one of the ways they do this is to have certain security processes that ensure they only give access to the appropriate account holder.

They've argued here that they followed appropriate procedure and did nothing wrong. But, Nationwide's own terms and conditions for telephone banking state:

- *5. You can access Telephone Banking from a touch tone landline or mobile telephone.....*
- *You will then need to identify yourself using certain requested digits from your Passnumber and either:*
  - *the 16 digit number from a card that we have issued to you that is attached to your Account;*
  - *your Customer Number; or*
  - *your mortgage Account number and date of birth.*
- *6. If you have lost your Passnumber, then you can request a new one by sending us a secure message through the Internet Banking online mailbox or by visiting a Nationwide branch. You can also set up or request a new Passnumber by using the Telephone Banking service. You will not be able to access Telephone Banking again until you have a new Passnumber.*

The transcripts of the calls that I've seen show that F didn't know the Passnumber and was asked for details from the bank card instead.

It appears that if F didn't have the Passnumber, Nationwide should have stopped any further conversations with F until they were satisfied (by reissuing the Passnumber) they were dealing with the correct person.

I'm afraid that Nationwide's assertion they followed their process isn't supported by what happened on the calls and how the terms of telephone banking require them to act. So, if Nationwide had followed their own procedure here, it's likely that the trouble experienced by Mr W and X would have been limited. So, I'm considering a further payment for the distress and inconvenience experienced by Mr W and X.

Regarding the position that Nationwide have taken in relation to their payments for compensation; having read the letters to Mr W explaining the payments, I can't see anywhere where Nationwide have accepted they'd included payments for other complaint points. The comments in the letters seem to point directly to issues with the information requests and various delays and administration efforts associated with it. I have considered the payment already made for the problems associated with this issue and I'm satisfied that Nationwide have made an appropriate payment and won't be asking them to do any more in respect of this specific complaint.

I am considering an additional payment to Mr W and X regarding the problems they experienced after Nationwide allowed access to their account. As an organisation, we don't calculate the payment based on someone's professional charges. But, I have considered the impact this had on Mr W and X and I'm intending to recommend that an additional £400 be paid by Nationwide for the loss of use of their account (which went on for several months) and the difficulties they experienced changing their payments.

I appreciate that Nationwide wouldn't have known that the block would go on for such a long time because Mr W and X were abroad at the time, but this was a material impact on them and likely wouldn't have occurred if Nationwide had followed their own procedures as set out in their terms and conditions.

## My provisional decision

I'm currently intending to uphold this complaint for Nationwide to pay a further £400 for the impact this had on Mr W and X due to the way their account was administered."

I invited Mr W and X and Nationwide to give me any more evidence and information they wanted me to consider before issuing my final decision. Nationwide didn't respond and Mr W and X accepted my recommendations but wanted to clarify that Nationwide were aware they wouldn't be back in the UK for some time.

## 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, and as neither party had anything further to add that would change my earlier recommendations, I see no reason to reach a different conclusion. So, this final decision confirms the findings set out in my provisional decision.

I thank Mr W and X for the clarification concerning what Nationwide knew at the time. Having thought about this, I don't intend to change the amount of funds I originally recommended as it's based on the impact of the original error, the ongoing difficulties encountered when having to change their regular payments and the overall stress and inconvenience experienced by Mr W and X.

## My final decision

My final decision is that I uphold this complaint against Nationwide Building Society and in order to settle it, they're now required to:

- Pay Mr W and X £400.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W and X to accept or reject my decision before 28 November 2024.

David Perry  
**Ombudsman**