

The complaint

Mr W is unhappy that Nationwide Building Society didn't notify him that regular payments that he'd scheduled to his ISA were being rejected and returned, and why that was the case.

What happened

Mr W had a standing order in place to pay £200 per month to his Help to Buy ISA. However, from April 2023, the monthly payments were returned by Nationwide to Mr W's sending account.

Mr W didn't notice that the payments were being returned for approximately a year. When he did notice and asked Nationwide about it he didn't initially receive a clear answer but was told that it was because he needed to complete an ISA renewal, which Mr W did in March 2024. Mr W wasn't happy that the payments he had wanted to make to his ISA between April 2023 and March 2024 hadn't been accepted by Nationwide, so he raised a complaint.

Nationwide responded to Mr W and explained that the ISA renewal was required by the ISA rules, as stipulated by HMRC. And Nationwide explained that they hadn't been able to accept Mr W's payment in the absence of the required ISA renewal, and that information about when an ISA renewal was required was included in the ISA terms and conditions.

Nationwide also explained that they don't always send notifications of returned payments as Mr W was suggesting that they should have done. Mr W wasn't satisfied with Nationwide's response, so he referred his complaint to this service.

One of our investigators looked at this complaint. They felt that Mr W had a responsibility to have monitored his accounts and so should have been aware that the payments he was expecting would be made to his ISA weren't being made. However, they felt that the information in the ISA terms and conditions wasn't clear such that it wasn't reasonable to have expected Mr W to have recognised that an ISA renewal would be required if he had read the relevant terms.

Because our investigator didn't feel that Nationwide should be considered solely accountable for Mr W not being aware that his payments weren't being received by Nationwide, they didn't feel that Nationwide should amend the balance of Mr W's ISA. However, they did recommend that Nationwide pay £200 compensation to Mr W for not issuing any form of notification to him about the returned payments and because the information in the ISA terms and conditions wasn't clear.

Nationwide agreed with the view of this complaint put forward by our investigator, but Mr W did not. Because of this, the complaint was escalated to an ombudsman 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'd like to begin by confirming that this service isn't a regulatory body or a Court of Law and doesn't operate as such. Instead, this service is an informal, impartial dispute resolution service. And while we do take relevant law and regulation into account when arriving at our decisions, our remit is focussed on determining whether we feel a fair or unfair outcome has occurred – from an impartial perspective, after taking all the factors and circumstances of a complaint into consideration.

I can understand why Mr W would be unhappy that the £200 payments he wanted to make to his ISA hadn't been accepted for a year, especially given the nature of Help-to-Buy ISA's and the government bonus that is applicable when the balance of the ISA reaches a certain amount. And I accept that it would have been helpful for Mr W if Nationwide had sent him a notification that his payments were being returned from March 2023 onwards.

But there isn't any obligation on Nationwide to have sent such notifications to Mr W. Additionally, as the account holder, Mr W had a responsibility to have monitored his ISA and to have recognised that the payments he was expecting to be received into the account weren't being received into it.

Accordingly, I don't feel that Nationwide should fairly be considered accountable for the fact that Mr W didn't realise that the £200 payments weren't being accepted into his ISA for the period in question. And this is because I feel that Mr W should reasonably have been aware of this fact, had he been monitoring his ISA account in line with his responsibilities.

In their assessment of this complaint, our investigator noted that Nationwide's ISA terms and conditions were unclear in regard to whether Mr W's payments and withdrawals from his other ISA accounts meant that Mr W was required to complete an ISA renewal as of April 2023. I'm in agreement with our investigator that Nationwide's terms are unclear in this regard. However, Mr W doesn't appear to have read these terms, and so I don't consider their lack of clarity to be a relevant factor in this complaint.

Ultimately, as per the ISA rules as laid out by HMRC, Mr W was required to complete an ISA renewal as of the turn of the tax year in April 2023 before Nationwide could accept any further payments into his ISA. Because of this, I don't feel that Nationwide acted unfairly by returning the payments that Mr W made from April 2023 until he completed an ISA renewal in March 2024. And I also feel that Mr W should reasonably have been aware that the ISA payments he wanted to make during this period were being returned, as explained above.

Furthermore, there was no obligation on Nationwide to have sent a notification to Mr W that his scheduled payments to his ISA were being returned, although I accept that it would have been useful for Mr W if Nationwide had drawn his attention by sending such a notification.

In their response to our investigators view, Nationwide accepted the recommendation put forward by our investigator to pay £200 compensation to Mr W for not sending a notification to him as they voluntarily could have done, and for not providing Mr W with a clear explanation as to why his payments were being rejected and what he needed to do to rectify the situation when he first brought the matter to them.

This £200 compensation amount for the above listed factors seems fair to me. And I confirm that the amount is commensurate with what I might have instructed Nationwide to have paid as compensation for these points to Mr W, had they not already agreed to do so.

In arriving at this position, I've considered that I don't feel that Nationwide had any obligation to send notifications to Mr W, but that it would have been preferable if they had. And I've also considered that I feel that Mr W should have been aware that the payments weren't being received into his ISA without any form of intervention from Nationwide. Additionally,

I've considered the general framework this service uses when assessing compensation amounts, details of which are available on this service's website.

As such, while I will be upholding this complaint in Mr W's favour, I'll only be doing so to instruct Nationwide to pay the £200 to him that they've already agreed to pay. And I won't be issuing any further instructions to Nationwide beyond this.

I realise this won't be the outcome that Mr W was wanting, and I can appreciate why Mr W would be unhappy at what's happened here. But as I've explained, I don't feel that Nationwide should be considered responsible or accountable for Mr W's unhappiness in this instance. Accordingly, I hope that Mr W will understand, given all that I've discussed above, why I've made the final decision that I have.

Putting things right

Nationwide must pay £200 to Mr W.

My final decision

My final decision is that I uphold this complaint against Nationwide Building Society on the basis explained above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 11 February 2025.

Paul Cooper
Ombudsman