

The complaint

X have complained that Nationwide Building Society is unfairly requiring them to use a card reader to make a transfer using online banking.

What happened

On 14 May 2024, X tried to transfer money to an existing payee, using online banking. But on this occasion, they were required to use a card reader to authenticate the transaction, having not been required to previously. X contacted Nationwide using the webchat feature, and were told that a card reader is sometimes required for authentication, and they were sent a link to the website page explaining the process.

X complained to Nationwide, as they said they'd never been told about this before, or had to use a reader before. X have also explained that they've never been sent a card reader. Nationwide responded to say that the T&Cs of using online banking set out that a customer may be asked to use one to validate the occasional transaction. Nationwide also ordered a new card reader for X.

X remained unhappy, and brought their complaint to this service. They also said that there's been a block on their account since May 2024, and that other customers aren't having to use a card reader.

One of our investigators looked into what had happened, but she didn't recommend that the complaint should be upheld. She was satisfied that when signing up for online banking, X would have been required to agree to the T&Cs, which state:

'3. Using your card reader

3.1 Certain functions and types of transactions available within internet banking may require you to use the Card Reader that was provided to you to use with your Card when you registered for Internet Banking. This is so that you can provide, and we can authenticate, your identity. If you were provided with a Card Reader and do not use it, then you may not be able to carry out those functions and types of transactions.

3.2 If you have a Card but do not have a Card Reader, or if you lose or damage your Card Reader, or you require an additional Card Reader, you can request one using the self-service functionality on nationwide.co.uk and we reserve the right to make a charge for this. Certain types of Accounts are not compatible with Card Readers. The Card Reader remains the property of Nationwide and must not be sold or given away to a third party.'

So, she didn't think Nationwide had done anything wrong in requiring X to use a card reader on this occasion.

Our investigator also looked into whether X's account is blocked. She was satisfied by the evidence Nationwide provided, including account statements, that it isn't blocked. However, X are unable to make payments/transfers using online banking, unless they use the card

reader. She thought this was reasonable, and was in place to protect accounts from fraud.

Our investigator went on to note that as of April 2024, Nationwide customers have the option to use their accounts without a card reader, which is known as an 'uplift'. Nationwide has provided evidence that X were offered the uplift on 9 and 13 May 2024, but X didn't fully complete the process. Although X have since tried to complete the uplift, this can't now happen until the card reader is used once – as this was requested on 14 May, and remains outstanding.

X disagreed. In summary, they said:

- our investigator is biased and has simply accepted everything Nationwide has said;
- they were not provided with the T&Cs our investigator has referred to, when they opened the account, and Nationwide can't unilaterally change them later on;
- they never received a card reader;
- they have been discriminated against, as they are being treated differently from other customers, who have not been required to use a card reader; and
- their account is effectively blocked, as it can't be used for online banking.

The complaint's now been passed to me.

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'm not upholding it. I know this will be disappointing for X, but I'll explain why.

First, I must assure X that our service is impartial. But as X disagreed with our investigator, I will now be looking at the complaint afresh. I hope this reassures X that all evidence has been thoroughly considered.

The use of online banking is an additional benefit of the account, which customers can choose to use, or not. It is possible to have an account without using online banking. But when customers choose to use online banking, they are required, at that point, to agree to the T&Cs specific to that way of using the account. And, the T&Cs set out that a card reader may be required, for some transactions. All customers must agree to these T&Cs, if they want to use online banking (although it is now also the case that customers can use the 'uplift'). This doesn't only apply to X, and I've seen nothing to suggest they've been treated unfairly. I'm aware that X has said a family member hasn't had to use a card reader, but I can't comment on the account of another individual.

I can see that X's account hasn't been blocked. I accept they can't use it for making transfers using online banking, but the reason for this has been explained to them. I don't think it's unreasonable, or onerous, of Nationwide to require that the card reader authentication be followed. When X have done this once, they can then 'uplift', to avoid needing to do so again.

I'm aware that X have said they never received a card reader. I'm unsure as to why this would be, as they are sent out as standard when a customer signs up for online banking.

However, I'm pleased to see that Nationwide sent another. It's unclear whether this has been received. If not, X can request one through Nationwide's website.

Taking all of the submissions into account, I'm satisfied Nationwide has acted reasonably. I leave it to X to decide whether they'd like to use a card reader as a one-off, then 'uplift' the account.

My final decision

For the reasons given above, it's my final decision not to uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask X to accept or reject my decision before 8 January 2025.

Elspeth Wood
Ombudsman