

The complaint

Ms A complains that an issue with Nationwide Building Society sending her emails caused her to lose out on a £175 switching offer.

What happened

Ms A attempted to switch her bank account to Nationwide. Unfortunately, the switch didn't complete because a lock on Ms A's credit file prevented Nationwide's credit search, and this halted the account application – one of the requirements ahead of a switch. This was rectified but the switch failed again because the emails Nationwide sent Ms A hadn't generated a response notification from her email provider. This meant Nationwide couldn't confirm its emails would be received. To help with her application, Ms A presented a screenshot of the email she'd received from Nationwide to demonstrate its emails were getting through.

Nationwide maintained its position and so Ms A complained. In its response, Nationwide said that as part of its application process, it sent her an email to ensure emails could be received by the address linked to the application. It said there was a regulatory requirement for it to send documents as part of applications and its IT department had said the issue related to Ms A's email provider being unable to deliver the emails.

The response added that whilst it appreciated Ms A had shown Nationwide the email was received, it was unable to proceed unless her email provider confirmed the emails had been delivered.

Unhappy with the response, Ms A brought the complaint to our service.

Our Investigator initially asked Nationwide to pay Ms A the £175 switch incentive. Nationwide responded to say its process was a regulatory requirement and it needed to get a response back from the email provider. It said this showed the email address could receive emails. It added that Ms A forwarding the email to Nationwide herself didn't meet the requirement.

Nationwide said the full criteria of a switch incentive included a full account switch and at least two direct debits going across to the new account as part of the switch. It said the account application required a full credit check, but that Ms A's application hadn't got to that stage. Because of this, it didn't think it would be fair for it to pay Ms A £175.

Nationwide added that it had another incentive running, which also offered £175, and asked the Investigator if Ms A would like to proceed with a new application in order to benefit from the associated £175 from its *current* switching incentive.

The Investigator felt what Nationwide had said was fair and relayed the offer to Ms A who didn't accept. She noted that Nationwide hadn't provided the regulation which said it had to receive confirmation from an email provider. She said she'd since successfully applied for an account with another provider, using the same email address, and hadn't encountered any problems.

She drew comparisons between the two firms and asked why Nationwide had been unable to fulfil a seemingly crucial regulatory requirement, but, under the same conditions, the other firm hadn't had the same problem. She implied this outcome wasn't in line with the Consumer Duty regulations which had been brought in by the Financial Conduct Authority – the financial services' regulator.

As no agreement could be reached the case was passed to me to decide. And, because I'd reached a different outcome to the Investigator, I issued a provisional decision on these matters. It said:

'As there had been some confusion about the regulatory requirement Nationwide was referring to, I asked it to provide the regulation. I also asked it to explain what Nationwide had needed from Ms A or her email provider, and how Ms A having demonstrated she received Nationwide's email didn't satisfy its requirements.

Nationwide said a delivery confirmation was needed and, if it wasn't received, it said it couldn't then provide the relevant terms and conditions. It maintained that Ms A sending Nationwide the email herself didn't satisfy the requirement. It said if its system didn't receive a delivery confirmation from its initial email, the application wouldn't progress further as it wouldn't be able to provide Ms A with her terms and conditions – and this is where its regulatory requirements came in.

Having carefully considered the information Nationwide provided, whilst I accept its concerns around a need to ensure important correspondence was delivered, I'm not currently persuaded it has acted entirely fairly in its explanations to Ms A around why her confirmation of email receipt was insufficient.

During my investigation, I asked Nationwide whether it was aware of this issue arising with any frequency in other customers' applications. It said there were no other reports of this issue from around the time of Ms A's application. Because of this, there's potentially an argument here that the problem was caused by the way Ms A's email provider interacted with Nationwide's systems or correspondence. With that said, that doesn't necessarily mean a system limitation preventing subsequent correspondence to Ms A was triggered by something on Ms A's part. I say this because Ms A has said she has now successfully applied for an account elsewhere, using the same email address. So there's an equal argument to be made here that the problem lies with Nationwide.

But even if there was an issue with Ms A's emails, she has proven to Nationwide that she has received its correspondence. And so I think Ms A likely would have been able to receive further information from Nationwide, including its terms. Because of this, I can completely understand why Ms A believes Nationwide unfairly stopped her application when it did, and that she missed out on the switching incentive available at the time. But each financial business has its own acceptance criteria for new accounts and so whilst Ms A may feel certain that her application would have been successful, and her switch would have met the criteria for the incentive payment, I can't know whether some other issue would have arisen to preclude or prevent her from receiving the incentive payment.

As we know, Nationwide has said the application was stopped because it needed to receive a confirmation of delivery from Ms A's email address and that this was a necessity in order to comply with its regulatory obligations. Although Nationwide hasn't specifically pointed to a regulation, I somewhat empathise with its position here. I say this because Nationwide could be required (by organisations such as this service or the Financial Conduct Authority) to evidence that important documents relating to the account were sent. In those situations, whilst Nationwide would likely be able to show the documents were sent, it would be unable to safely say they'd be received (without Ms A's provision of the delivered copies). And

I think this rightly prompted Nationwide to question the robustness of its main communication channel with Ms A.

Further, it would have entered into a customer relationship with Ms A knowing that, for whatever reason, her email provider wouldn't return a delivered notification. And this meant it would have entered into that relationship knowing it couldn't always be sure that important documents would be received – again, without Ms A's cooperation. And so, whilst I can certainly understand Ms A's frustration here, based on what I've said above I don't think Nationwide acted unfairly in halting the application. And it follows that without a qualifying account, a switch couldn't have taken place. Because of this, I don't think Nationwide needs to pay Ms A the £175 she didn't receive from the switching incentive.

However, it remains that Ms A was left in a position where she felt she was able to meet Nationwide's account application requirements, in that she could prove she received the email that was sent to her, but Nationwide said this wasn't enough. I can't see any instance during the course of the application process, or afterwards, where Nationwide gave Ms A sufficient context behind its conclusion that, in the absence of Ms A's email provider confirming delivery, Ms A being able to prove delivery didn't satisfy Nationwide that any documents it would send would be delivered or, crucially, the issue this posed.

So, based on what I've said above, I don't think Nationwide gave sufficient information, or presented it in a way Ms A could reasonably be expected to understand. I'm currently persuaded that a lack of clarity on this point caused Ms A some degree of distress and inconvenience, and this is evidence by the detail and frequency of her submissions to our service on the matter.

So whilst I don't currently think Nationwide acted unfairly in halting the application, I think it failed to provide adequate information to Ms A – particularly as what it said on the matter was seemingly in contrast with the situation Ms A was in. Because of this, I'm currently minded to direct Nationwide to make a payment of £150 to Ms A, which I think adequately makes up for the impact of this failing.'

Nationwide accepted my provisional findings, but Ms A provided further comments. She queried my reporting of the circumstances. She highlighted that the Investigator had told her Nationwide would like to offer her £175 for the current account switch incentive, but as it wasn't running the scheme at that time, if she opened an account and met the criteria for the incentive, it would pay her the amount. She said as Nationwide hadn't taken any steps to resolve the issue regarding the response from her email provider, and she hadn't been able to get any help from her email provider, she didn't think another application would turn out differently from the first.

Ms A also noted that her questions around the regulation Nationwide had referred to and why she'd been able to open an account with another provider without encountering the same regulatory problems had not been answered.

She highlighted my questioning to Nationwide around other users having experienced the same issue, believing the wording made it appear as if there were other reports of the issue, just not from around the time of her application.

Ms A also raised an element of Consumer Duty in relation to my comments that the problem may have been caused by the way her email provider interacted with Nationwide's systems or correspondence.

I've considered these points carefully in my decision below.

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 thought carefully about the response to my provisional decision, I haven't been presented with any information that persuades me I should change my findings. I've explained why below.

I don't consider my reporting of how the Investigator relayed Nationwide's offer to Ms A to have any bearing on the ultimate outcome of the complaint, as I have reached my own, independent conclusions. But, in any case, Nationwide advised the Investigator that there was another incentive running, for the same amount as the one Ms A had missed out on, for which an account was required by way of application. Ms A would have needed to make an application in order to receive the value of the switch incentive, and so I see no issue with the wording here. It stands that Ms A rejected Nationwide's offer, including the money it offered for the inconvenience, and so I have arrived at the outcome I think is fair in all circumstances of the case.

Nationwide hasn't given the regulation it relied on in its justification for declining Ms A's application. But I haven't required this information to reach my outcome – the reasoning of which is explained in my provisional decision, along with my comments here. It is for me to determine the evidence I require in order to reach what I consider to be a fair outcome in all circumstances of the case, and this is what I have done.

I've already covered why I don't think the email issue was the sole cause of Ms A missing out on the switching incentive payment. And, even if I'd seen evidence to persuade me the fault was likely Nationwide's, given the problem didn't seem to be widespread, I don't think it would have been appropriate for Nationwide to have done more in the circumstances to fix it. I say this because, whilst it's not for me to tell a business to change its systems, any change it could have made would likely have come at a disproportionate cost and may have had implications for other customers – for example, those who wouldn't ordinarily have had an issue may have begun to experience problems.

I don't share Ms A's concerns that careful wording has been used regarding the issue affecting other customers. There are bound to be other consumers who experienced some kind of problem in their correspondence with Nationwide – and many other firms – but I'm satisfied there likely wasn't a widespread issue at the time which Nationwide was aware of, or should have been aware of, which caused Ms A to lose out. Based on the information I have, it seems this was a relatively isolated problem, and not one which I would have expected Nationwide to have had an immediate solution for.

Ms A has argued that sections of the Consumer Duty relating to third-party arrangements should apply here. But I don't think this applies in the way she has presented it to. Whilst firms have responsibilities under the Duty to their end customers in their distribution chain, Ms A's email provider wasn't part of Nationwide's distribution chain, and would have been acting for her, rather than Nationwide. I don't consider Nationwide to have any responsibility for the processes or capability of Ms A's email provider.

And so, based on all the circumstances of the case, I remain satisfied that £150 compensation for the distress and inconvenience caused is a fair way to settle the complaint. I appreciate Ms A might feel differently, but I will leave it to her to decide whether, on reflection, she now feels able to accept the sum proposed or pursue matters elsewhere. Either way, my decision now completes our consideration of her complaint.

My final decision

My final decision is I direct Nationwide Building Society to pay Ms A a total of £150 compensation within 28 days of acceptance of this decision by Ms A.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms A to accept or reject my decision before 25 April 2025.

James Akehurst
Ombudsman