

The complaint

Mrs M complains that Nationwide Building Society wrongly noted on her account that she was incapable of managing her affairs and caused her distress by not allowing her to withdraw money.

Her daughter and attorney, Ms M, represents her.

What happened

In February 2024 Ms M went into a branch of Nationwide and registered the power of attorney (PoA) she held for Mrs M. Ms M says that she made it clear that her mother, who was suffering from dementia, was to be registered as “capable” and that she wanted her to have access to her own money.

Around about 12 March 2024, Mrs M went into her local branch (a different branch) to take out cash. However Nationwide had in error recorded her as being “incapable”. So she was told she could only withdraw monies with her daughter's consent. Unfortunately Nationwide was unable to contact Ms M on the day, so Mrs M wasn't able to withdraw the cash.

Ms M says that had a very serious effect on Mrs M's health and that as a result she had no access to funds to buy her weekly food shopping. She said she was contacted by her GP practice who informed her that Mrs M had arrived distressed and crying bitterly that she had no food. She said Mrs M had been starving as a result and believed that Ms M had deliberately prevented her from accessing her money and that she was trying to harm her.

Ms M also says as a result, Mrs M's health, both physical and mental, deteriorated and she stopped taking medication. Ms M believes that Nationwide is responsible for the breakdown in the relationship between her and her mother. Social services then had to be involved in providing care for Mrs M. Although I understand that the relationship has now improved.

Ms M has further said that Nationwide delayed in changing the notification on its records and further that Mrs M has subsequently been restricted in the amount of cash she can take out of her account. This led to her not being able to pay for some home repairs and not being able to buy a new fridge freezer when the old one had broken down.

Nationwide apologised for its error in registering Mrs M wrongly. It offered Mrs M £500 compensation and also offered £500 compensation to Ms M.

On referral to the Financial Ombudsman, our Investigator said that in light of the considerable impact this mistake had on Mrs M, her overall wellbeing and her day to day living, Nationwide should increase its offer of compensation to Mrs M to £1,000. I emphasise that this didn't include the compensation previously offered to Ms M as we don't have the power to consider that.

Nationwide didn't think that its compensation offer should be increased as it didn't feel we could conclude that there was a link between its error and Mrs M's declining health. It pointed out that it had resolved the PoA error as soon as it was notified of it and that the

statements showed that withdrawals continued regularly after that.

Ms M believes that the compensation recommended does not adequately address the ongoing emotional, physical, and psychological toll this has taken on Mrs M. She also felt that the fridge freezer issue should not be regarded as separate as it is part of the same complaint.

The matter has been passed to me for an Ombudsman's consideration.

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.

I must preface this decision by saying that it appears that Mrs M's physical and mental health conditions are clearly complex. We have the power to consider her complaint but, Mrs M and Ms M should be aware that this Service's main function is to consider financial matters. And that whilst I have seen detailed GP notes I'm not in a position to assess those from a medical point of view. Bearing in mind such limitation, where the evidence is unclear or contradictory, as some of it is here, I have to make my decision based on what I think is most likely to have happened.

Looking at Mrs M's GP notes, which go back to around December 2023, it does appear that Mrs M was taking her medication for a particular illness and there were no indications of a difficulty in her relationship with her daughter. They seemed to indicate that Mrs M was happy with her daughter supporting her.

There was a cash withdrawal on 8 March 2024. Then there is a note in Nationwide's records that customer authentication was "abandoned" on 12 March, so presumably the date that Mrs M tried to withdraw cash but was refused. It appears that Nationwide wasn't able to speak to Ms M until 22 March but the statements do show that a further cash withdrawal was made on 3 April.

After Mrs M was refused a cash withdrawal, there are indications in the GP notes that she was very upset by this but also was suspicious that her daughter was withholding her money from Ms M. As two days later GP's notes recorded Mrs M as "lacking capacity", It does seem likely to me, and this is backed up by the GP's notes, that Mrs M believed that both her daughter and Nationwide were stopping her having access to money. Ms M says that the lacking capacity related to health issues and was intermittent. There are further notes in March, April and May showing that Mrs M's health had deteriorated, both physically and mentally. And that she didn't want her daughter to help her or to come to the house. This also appears to be linked to Mrs M's failure at the time to take her medication.

I can't hold Nationwide responsible for Mrs M not taking her medication. And it appears that she did this at the same time as believing Ms M was withholding her money, and then not properly feeding herself. And this started around the time that she was refused access to her money. Ms M says that Nationwide was advised of its error on 22 March, but only altered its record on 11 April. That said, Mrs M was able to take cash out on 3 and 8 April. But Mrs M's health issues and problems with her relationship with Ms M did seem to continue for a few months after that, and I think it likely that the initial incident was a triggering event.

Nationwide issued a final response letter on 11 April 2024. Ms M has since then told us that despite her asking for a withdrawal limit of £300 or £500, Nationwide staff persistently didn't allow Mrs M to withdraw more than £50 or occasionally £100. She's told us recently that this prevented Mrs M from buying a new fridge freezer and that when she wanted to pay for

some home repairs, she was forced to borrow money from a neighbour. And although Nationwide has advised that there is a cash withdrawal limit on the account of £500, it hasn't been able to address the allegation that its staff effectively prevented Mrs M from buying a fridge freezer or paying in full for home repairs. As this is a serious matter, which Nationwide hasn't been given the opportunity to address, I don't think it would be fair to either party for me to address it in this decision. The matter will need to be put to Nationwide and a full investigation carried out. I note that our Investigator did advise Ms M of this in their view.

As regards compensation, I'm mindful that with an illness like dementia, the people who are caring for the sufferer are also impacted. Whilst I understand that Ms M has been caused upset during this episode, as our Investigator has explained, I can't consider the £500 Nationwide offered directly to her. If Nationwide is still willing to make that offer she would have to approach it directly.

I think this is one of those cases where one small error made by Nationwide unfortunately had a catastrophic effect. I'm sure it couldn't have anticipated how far reaching the effects of its error would be, but it nevertheless should pay compensation which reflects the effect the error had on Mrs M. Our Investigator proposed that this should be a payment of £1,000, and I think in all the circumstances of the case that that is an appropriate payment to make.

Lastly I've considered Ms M's request that Nationwide issue an apology direct to Mrs M rather than to Ms M, as it has done. In a situation such as this where it would be difficult to anticipate what Mrs M's reaction to such a letter might be, I don't think it's appropriate for me to order Nationwide to provide one.

Putting things right

Nationwide should pay Mrs M £1,000 compensation.

My final decision

I uphold the complaint and require Nationwide Building Society to provide the remedy set out under "Putting things right" above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 20 March 2025.

Ray Lawley
Ombudsman