

The complaint

Mr D is unhappy that Nationwide Building Society didn't offer him the option of verifying the authenticity of a transaction he wanted to make via Nationwide's mobile banking app.

What happened

Mr D was overseas and attempted to make a purchase using his Nationwide credit card. But the transaction was blocked by Nationwide's automated fraud prevention systems and Mr D was sent a text message by Nationwide to which he had to respond if he wanted to confirm the legitimacy of the attempted transaction. Mr D did respond to the text message, but because he was overseas, it cost him £6 to do so. Mr D wasn't happy about this and felt that he should have been able to verify the purchase via Nationwide's mobile banking app, which wouldn't have cost him any money. So, he raised a complaint.

Nationwide responded to Mr D but noted that their security process regarding attempted credit card payments was to reach out to account holders via text message. And Nationwide didn't feel that they'd done anything wrong by following their security process correctly as they had. Mr D disagreed, and so he referred his complaint to this service.

One of our investigators looked at this complaint. But they didn't feel that Nationwide had acted unfairly towards Mr D as he contended and didn't uphold the complaint. Mr D remained dissatisfied, so the matter 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.

This service isn't a regulatory body, and so I don't have the remit or the authority to instruct Nationwide to change their operational processes. But it is within my remit and authority to make an assessment as to whether I feel Nationwide's adherence to their policy has led to an unfair outcome in this specific instance.

That Nationwide have chosen to verify credit card transactions by text message in circumstances such as this will unfortunately mean that some of their customers will incur a cost when replying to the text message that Nationwide send. For instance, anyone on a pay-as-you-go mobile, wherein they pay for each individual text message sent, will incur the cost of a text message when responding to a text like Mr D did.

In Mr D's case, the cost to him of responding to Nationwide's text message was exacerbated by his being overseas, and by his not having any overseas mobile plan in place while he was overseas. This was undoubtedly unfortunate for Mr D. But I don't feel it follows from this misfortune that an unfair act has occurred. Rather, I feel that it was simply unfortunate.

I also note that the text message that Mr D received from Nationwide included a phone number that Mr D could have called, if he hadn't wanted to have incurred the cost of a text message. But I also acknowledge that given that Mr D was overseas, that the cost of calling

that number may have been higher than responding to the text message itself, and almost certainly would have been more time consuming for him.

Ultimately, Nationwide had no control over the fact that Mr D was overseas and didn't have an overseas mobile plan in place which might have mitigated against the cost of the text message that he sent. And I note that if Mr D had been in the UK at the time he needed to verify the transaction, then he presumably wouldn't have incurred any cost in doing so.

As such, I don't feel that Nationwide acted unfairly by sending a verification text message to Mr D, and that it was simply unfortunate for Mr D that his personal circumstances at that time meant that responding to that text message incurred a cost for him.

Finally, speaking generally, I'm satisfied that it's for Nationwide to decide how they obtain verification from their customers in circumstances such as this. Financial institutions such as Nationwide make operational choices of this manner based on security concerns that they are entitled to hold, and which result in operational decisions that they are entitled to make. And it's in part for this reason that this service doesn't have the authority to instruct a business to change how it has decided to operate.

I realise this won't be the outcome that Mr D was wanting, but it follows that I won't be upholding this complaint or instructing Nationwide to take any further or alternative action here. I hope that Mr D will understand, given what I've explained, why I've made the final decision that I have.

My final decision

My final decision is that I do not uphold this complaint.

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

Paul Cooper
Ombudsman