

The complaint

Mr N complains that Nationwide Building Society placed blocks on his subscription payments, and he has had to make the payment manually each month. He is concerned about the implications for his other regular payments.

What happened

Mr N said he has informed Nationwide on many occasions that the transaction is legitimate, but it kept blocking his card until he confirmed the transaction as genuine. Mr N said Nationwide's intervention potentially stops other transactions during the block, which could lead to financial penalties due to missed payments. He asked Nationwide to allow the payments or to take responsibility for any financial harm caused by the blocking of his card.

In response to the complaint Nationwide, apologised for blocks to Mr N's subscription payments on 5 December and twice on 28 December 2024. It acknowledged that Mr N had said there's no alternative payment option available for the subscriptions. Nationwide said its systems monitor all card transactions and flag up anything suspect.

Nationwide said its actions are within the account Terms and Conditions and is what it must do to meet the fraud prevention regulations, even though Mr N had previously confirmed the transactions as genuine. It said it can't prevent the blocks as this is an automated system, and it couldn't guarantee a block wouldn't be triggered in the future. Nationwide would not accept liability for any future potential loss that Mr N might incur.

Mr N wasn't happy with this and referred his complaint to our service. Our investigator recommended it be upheld. She said Nationwide is required to make security checks but had caused Mr N unnecessary inconvenience by blocking the same payment on a monthly basis.

The investigator said Mr N's transaction isn't fraudulent or unusual and he explained it to Nationwide. She said the account block may have been sensible in the first instance, but then caused inconvenience and Nationwide should pay Mr N £50 compensation. She said we can't require firms to change their systems as that's the role of the regulator and she appreciated that Nationwide can't stop the transaction from flagging every month. She said Mr N may consider making future payments from a different account.

Nationwide requested an ombudsman review the complaint. It said the investigator said the payment block isn't an error only an inconvenience for Mr N, and so compensation isn't a fair outcome. Nationwide appreciated Mr N's frustration, but the payments were deemed high risk and so required additional checks, and blocks help to protect customers' money. It said Mr N made a successful transaction for the subscription on 28 February 2025 and thereafter.

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.

Mr N is unhappy that subscription transactions have been blocked by Nationwide's payment monitoring systems as being potentially fraudulent, and so he is required to contact Nationwide to have the block removed.

I was sorry to learn that what should have been a straightforward payment process turned into a prolonged and concerning experience for Mr N. Part of my role is to determine whether what took place was fair and reasonable and whether Nationwide has followed the fraud prevention process correctly.

I can see that Nationwide has acted within the terms and conditions of Mr N's account and it says its systems are working 'as per design' in stopping the transactions. Nationwide has said that while Mr N's card is blocked Direct Debits and Standing Orders continue to be paid. I see no reason for Nationwide to indemnify Mr N for potential losses from its security checks.

Nationwide says it can't change or overturn criteria regarding automated blocks. In terms of the criteria by which its anti-fraud system operates I can see the issue here, though the payments are to an established global business and don't have the appearance of being 'high risk'.

All financial businesses holding customer funds are required by their regulator to have systems that stop transactions that may be carried out for the benefit of fraudsters. However, I wonder if a note on Mr N's account would have made a difference. I say this because his subscriptions payments have been unaffected since February 2025. I can see the investigator's point that it is difficult to explain why after the first block and Mr N's explanation of the payment the block continued and subsequently went through with no issues.

I have considered the impact of the blocks on Mr N and the requirement for his intervention to have the payments made. He talks of 'the palava' of getting his card unblocked then reactivating his subscription account. I can understand his frustration of having to tell Nationwide the transactions are legitimate. I am pleased the transactions have been trouble free since February and hope they remain so.

Nationwide is very sorry for the inconvenience caused to Mr N by its actions, but says that as no error was made, it would be setting a precedent of paying compensation this isn't something it wants to do. Nationwide has, in this instance, misunderstood the nature of the decisions our service makes. These are reached on the individual circumstances of each particular complaint, and whereas we strive for consistency, our decisions do not set precedents as would be the case with a higher court.

Putting things right

I agree with the investigator that compensation of £50 to Mr N for the inconvenience he has been caused appears to be fair and reasonable in the circumstances of his complaint.

My final decision

For the reasons I have given it is my final decision that the complaint is upheld. I require Nationwide Building Society to pay Mr N £50 compensation for the inconvenience he has been caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 17 June 2025.

Andrew Fraser
Ombudsman