

The complaint

Mr S complains that Nationwide Building Society ('Nationwide') should pay compensation for admitted poor service in connection with a FlexDirect account.

What happened

In brief summary, Nationwide admitted it had made an error when it incorrectly sent Mr S an auto-generated letter telling him that a promotional introductory offer ended on the 12 months anniversary of opening his FlexDirect account. This wasn't relevant to his situation as he hadn't held the account that long, resulting in confusion and prompting Mr S to complain.

Mr S believed he was entitled to the promotional interest rate for longer. But Nationwide didn't agree it had done anything wrong, saying that Mr S hadn't qualified to receive any introductory benefit.

Unhappy with Nationwide's response, Mr S brought his complaint to us. Our investigator didn't agree that Mr S had lost out unfairly on the introductory offer as he didn't meet the qualifying conditions. But she felt that Nationwide should apologise in writing for its poor service in sending a confusing letter and not making clear to Mr S why he hadn't been entitled to the enhanced introductory interest rate offered to some customers.

Nationwide accepted the investigator's recommendation. But Mr S felt this didn't go far enough and he wanted financial redress to reflect the cost of his phone call to Nationwide and his time spent dealing with the complaint. So his complaint has come to me to decide.

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've carried out an independent review and having done so, I've reached the same conclusion as our investigator. I'll explain my reasons.

As part of a promotional offer, Nationwide offered an enhanced interest rate to customers opening a FlexDirect account, if they hadn't previously held a FlexDirect account. This requirement was clearly stated in the relevant terms and conditions, which Mr S was required to sign up to and agree when he opened the account.

Nationwide has provided information going back to 2019 showing that Mr S had previously opened a FlexDirect account before he applied to open another FlexDirect account in September 2024. And the interest rate Nationwide subsequently told Mr S he was entitled to receive correctly reflects the information published in its 'Current Accounts Interest rates & charges' leaflet. So I am satisfied that Nationwide isn't responsible for Mr S losing out on the promotional offer when its business terms made clear that he wouldn't qualify for the enhanced interest rate available only to new account holders – and he was an existing FlexDirect account customer.

But I'd still expect Nationwide to treat Mr S fairly and reasonably. Nationwide said that an IT error at its end resulted in Mr S incorrectly receiving notification that a promotional interest rate was ending after 12 months and so he'd no longer receive the benefit. As Nationwide has upheld this part of Mr S' complaint, I will concentrate on the question of fair redress, which is the main reason Mr S has requested an ombudsman referral.

Had Nationwide's system identified the fact that Mr S was already an existing FlexDirect account customer more quickly, he would've avoided the stress and frustration resulting from what happened here. I've thought carefully about this. Nationwide has explained that its process for opening FlexDirect accounts means that the introductory offer is applied to all successful applications at the start, before background checks are carried out to verify newly opened accounts against the rules set for the promotional offer. This report is run manually and non-qualifying accounts identified are then passed to Nationwide's ops team to remove the offer. I can appreciate that it would have been helpful for Nationwide to have notified Mr S sooner that he didn't qualify for the offer terms. But I must be impartial and set against this, I've taken into account that the specifics of the deal were set out in Nationwide's business terms and Nationwide had brought these to Mr S' attention. So I can't fairly hold Nationwide responsible for all the inconvenience Mr S was put to in dealing with this matter.

And to be clear, I do not have the power to make rules for financial businesses. That's the role of the regulator, the Financial Conduct Authority (FCA). For these reasons I won't be commenting further on the way Nationwide operates and its procedures.

In addition, whilst the letter that was sent in error was a mistake on Nationwide's part, this was the result of an IT fault that Nationwide has already taken action to investigate. Computer error is unfortunate and I can understand why it was confusing for Mr S to receive this letter when he hadn't had the account for 12 months. But ultimately, this sort of thing is to be expected from time to time when businesses rely on automation. Mr S was aware the information was incorrect so he wasn't misled by the letter. It seems to me his real frustration was due to him losing out on the offer terms he wanted – but that was nothing to do with Nationwide sending him the wrong letter.

So far as the question of compensation is concerned, the ombudsman approach to redress is to also take into account what Mr S could have done differently to mitigate any loss. We expect consumers to take reasonable steps themselves to limit the impact of things going wrong. What happened, and the consequences for Mr S, resulted in part at least from Mr S applying for account benefits he could've seen he wasn't entitled to receive. And we don't award compensation in any event for time spent dealing with a complaint.

Thinking about everything, I am satisfied that the letter of apology suggested by the investigator is fair and reasonable to put things right here. It's in line with what this service would award in similar cases, and a fair way to settle Mr S complaint in these particular circumstances. I don't consider that any award of financial compensation is warranted.

I have set out below the steps Nationwide is required to take.

Putting things right

Nationwide should (if it hasn't already) send Mr S a letter of apology, as it has agreed to do, to say sorry for the impact on him of its poor service in sending a letter with incorrect information.

My final decision

I uphold this complaint in part and Nationwide Building Society should take the steps set out above to put things right.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 28 July 2025.

Susan Webb
Ombudsman