

The complaint

Mr M says Nationwide Building Society (“Nationwide”) refuses to refund him for transactions on his account he says it should’ve blocked.

What happened

The facts of this complaint are well known to both parties, so I won’t repeat them in detail here.

In short, Mr M says he initially complained to Nationwide about some transactions on his account he didn’t recognise. It provided him a refund of the unrecognised transactions while it investigated his complaint. After Nationwide completed its assessment, it deemed the transactions as authorised and Mr M realised what the transactions were for and that he had made these himself. But he said that Nationwide should still refund these transactions as they were to illegal gambling sites outside the UK, and Nationwide was aware he had a gambling problem.

Mr M also complained that when Nationwide debited his account with the amount initially refunded, this caused him to go into an unarranged overdraft and incur fees. He now has a payment plan in place with Nationwide, who has also agreed to remove adverse information recorded about this overdraft every month. But he is still unhappy that his credit file is initially affected by the overdraft record each month, before Nationwide take the steps to remove it each month. Mr M says this affects him mentally and physically.

Mr M was awarded compensation from Nationwide for the poor service he says he received throughout the process of this complaint. But Mr M says the compensation amount doesn’t fairly reflect the distress and inconvenience caused.

Nationwide considered Mr M’s complaint, but ultimately it says Mr M isn’t due the refund of the transactions he disputed as the evidence shows they were authorised transactions made by Mr M himself. It also felt that the amount of compensation already paid to Mr M was fair for the errors it had made. In relation to the debit of the initial refund, Nationwide says it has done everything it can to help Mr M in being able to make the repayments and it will ensure no adverse information remains on his credit file. So, Nationwide believes there is nothing further it needs to do here.

Our investigator considered this complaint in full and agreed that there was nothing further Nationwide needed to do here. Mr M didn’t agree so the complaint has been passed to me 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.

It is no longer in dispute that Mr M authorised the payment transactions in this matter. Generally, consumers are liable for payment transactions they have authorised, and banks

are liable for unauthorised payments. But the starting point here is that Mr M is liable as he authenticated and consented to the payments, instructing Nationwide to debit his account by the transaction amounts.

Mr M says Nationwide should still provide Mr M with a full refund of the transactions he complained of as they were made to illegal gambling companies, and he had made Nationwide aware that he had a gambling problem. So, he says Nationwide should've done more to protect him. However, Nationwide can only be expected to take steps to try and protect Mr M from gambling if it was aware Mr M has a gambling problem. From the evidence I've received it seems Nationwide were only made aware of this in September 2024. The transactions Mr M complained about spanned from June 2024 to December 2024. So, it would only be fair to have expected Nationwide to flag any gambling transactions from September onwards, after it had been made aware.

It is also only reasonable to expect Nationwide to flag or prevent any gambling transactions if it was aware Mr M had been gambling. However, the gambling sites he'd been using were international sites which were not recorded with the correct merchant code for a merchant of this nature. Mr M had been using international websites to gamble, and because they were not using the correct code, they were undetectable to Nationwide. So, I can't fairly conclude that Nationwide ought to have flagged or blocked any of these transactions as it wasn't apparent that these were gambling sites.

Mr M also says Nationwide should've raised a chargeback on these card payments as the companies were operating illegally. But there are two grounds available for Nationwide to raise a chargeback on – fraud, or goods and services not being received. The initial chargeback was raised on the grounds of fraud, but as it was later discovered that Mr M was responsible for the payments, these transactions are not considered fraudulent. The only other grounds available for a chargeback is on the basis that the goods or services were not received. However, as Mr M's gambling account would've been credited as soon as the payment was made, a chargeback on these grounds wouldn't have been successful either.

So, I don't think it Nationwide needs to refund the transactions Mr M made to the gambling sites in question.

Mr M says when Nationwide re-debited these payments from his account it caused him to go into an unarranged overdraft, and he incurred fees. Nationwide has agreed that it should have done things differently, but it was within its rights to debit the amount it had initially refunded. And I agree Nationwide could've done more to help Mr M considering he was in a difficult financial situation. I've seen that Nationwide agreed a payment plan with Mr M to repay the overdraft he is now in and has agreed not to charge him any interest or fees. It has also agreed not to record any adverse information about this overdraft on his credit file. I think the arrangement that Nationwide has made here is fair. Mr M is not facing any additional charges, nor any permanent record on his credit file in relation to this overdraft.

However, in order to clear Mr M's credit file, Nationwide has to contact the reporting agents to ask them to remove the information recorded every month. This means there is a small amount of time each month where Mr M's credit file has adverse information recorded against him. Mr M isn't happy about this, but I can't tell Nationwide it should be doing something different here. Mr M says he is worried he might face problems in the future when applying for credit. Nationwide says it is willing to provide him with a written letter to explain the adverse information if needed. Banks do automatically report information about their customers credit, and any changes need to be made manually. We cannot instruct banks to change their products or processes, and so I think the solution Nationwide has offered is reasonable.

Mr M's complaint to us also included a complaint about Nationwide's customer service and the distress caused by his account going into an unarranged overdraft. Nationwide initially paid Mr M £250 in compensation for these errors. This was outlined by the investigator in his view who felt that £250 was a fair amount. However, Nationwide offered an additional £75, bringing the total compensation to £325. From what I understand, Mr M is unhappy that he was given unclear information on the phone, he didn't receive call backs when requested and he had to make repeated calls to Nationwide to resolve this matter. This was considered in detail by the investigator who felt the compensation paid was fair. Mr M has not provided any further evidence or detail about why he thinks more money is due or how this has affected him financially or otherwise. And from what I've seen, I think the amount of compensation paid is fair for the inconvenience outlined above.

I know this outcome will come as a disappointment to Mr M, but I for all the reasons outlined above, I don't think it would be fair to ask Nationwide to do anything further. So, I am not upholding this complaint.

My final decision

I am not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 11 December 2025.

Sienna Mahboobani
Ombudsman