DRN-5733080

The complaint

Miss P complains Nationwide Building Society ("Nationwide") refuses to open her an account with a debit card facility.

Miss P wants Nationwide to give her an account which has the use of a debit card and pay her compensation for the distress and inconvenience it's caused.

What happened

The details of this complaint are well known by both parties, so I won't repeat them again here in detail. Instead, I'll focus on setting out some of the key facts and on giving my reasons for my decision.

Miss P has a 'Branch Easy Access' savings account with Nationwide which allows her to deposit and withdraw money using a passbook. Miss P applied for an account that had a debit card facility but kept getting declined by Nationwide shortly after the account was opened. Miss P says that due to her vulnerabilities and ill health, she needs a debit card to be able to access banking services better which isn't available on her savings account. Miss P says Nationwide should remove any adverse markers against her as she was the subject of fraud previously.

Unhappy. Miss P complained. Nationwide didn't uphold Miss P's complaint. In summary, the key points it made were:

- It hasn't done anything wrong in not giving Miss P a debit card account. As part of Nationwide's application process, it checks information held by credit reference agencies and fraud prevention agencies
- Based on the information provided by Miss P and external agencies during an application, Nationwide can't guarantee she'll be accepted for a debit card
- After a review, Nationwide can see that there were some concerns raised regarding Miss P's account. Later, Miss P's FlexAccount was closed in January 2000. Miss P then attempted to open another FlexAccount in February 2020, November 2020, and February 2021. Unfortunately, after the account team reviewed the applications, all the accounts were closed shortly after they were opened
- Nationwide can close an account immediately and without notice in line with its terms and conditions

Miss P referred her complaint to this service. Miss P added that Nationwide's actions are causing her stress and anxiety and impacting her ill health. And that she doesn't have any alternative bank accounts, and buying medication for her condition is difficult without a card. One of our Investigator's looked into Miss P's complaint, and they recommended it wasn't upheld. In summary, their key findings were:

- Nationwide declined Miss P's application as it saw an adverse CIFAS marker from another business applied against her. The Investigator directed Miss P to CIFAS' website to get more information about this
- Nationwide hasn't added any information about Miss P, so it's not at fault for the

CIFAS marker being applied. Nationwide reacted to the marker being applied by another business
- Nationwide is under no obligation to offer an account to a customer if it doesn't want to. So, Nationwide was entitled to make the commercial decision it did
- Miss P may consider applying for a Basic Bank Account (BBA). More information about the providers of a BBA was provided to Miss P

Miss P wasn't happy with what our Investigator said and reiterated she needed a debit card. This complaint was then passed to me to decide. In light of the regulator's - the Financial Conduct Authority's (FCA) – publication entitled "UK Payment Accounts Access and Closures" in September 2024, I asked both parties for more information.

In particular, I asked Nationwide to provide information about the CIFAS marker it had relied on. Nationwide provided information that a category six – first party fraud marker had been applied against Miss P in 2020 by another financial business. Miss P said she wanted compensation and that she only has the savings account.

I then sent both parties my provisional decision in which I said I was planning on upholding this complaint in part. For ease of reference, here is what I said:

<u>Provisional decision</u>

"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Having done so, I am planning on upholding this complaint in part. I'll explain why.

Nationwide can choose who it gives a bank account to in the same way a customer can. Equally, for an existing customer, regulated businesses in the UK , like Nationwide, are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. They are also required to carry out ongoing monitoring of an existing business relationship. That sometimes means Nationwide needs to restrict, or in some cases go as far as closing, customers' accounts.

Nationwide has provided me evidence that shows it either rejected the application or closed the FlexAccount account shortly after it opened due to an adverse CIFAS (Credit Industry Fraud Avoidance System) marker applied against her by an external bank. I note Miss P only has a savings account with Nationwide and has consistently said she doesn't have another account elsewhere. Based on the evidence I've seen, and Nationwide's reasons, I'm persuaded it acted fairly when closing her Flex accounts – which were effectively done at application given how shortly after the application they were closed.

What is key here is that Miss P was effectively asking for a current account which generally requires a credit search and criteria being passed to open one. And Miss P needed a debit card to allow her to access wider banking services particularly to purchase medication and support her ill health requirements.

Having carefully considered this and reviewed what the FCA have said about the provision of BBA's, I find that Nationwide failed to signpost Miss P to its provision of this type of account – which I note it calls a FlexBasic. I also note the terms and condition of this account as visible on Nationwide's website show a debit card would have been part of the BBA service given you can use one to pay in foreign currency.

That doesn't mean an application for a BBA would necessarily have been successful – but it's arguable that that was likely given Nationwide were happy for Miss P to hold a savings *account with it. But, of course, I can't be certain. But overall, I think Nationwide has got this wrong, and as a result Miss P has suffered some distress and inconvenience which may have been avoided. Having said that, I must take into mitigation that our Investigator explained to Miss P in September 2024 that she could look into getting a BBA and listed other providers she could approach.*

Miss P has explained the impact to her health, and why going to branch was challenging for her. Having carefully weighed this up including the mitigation I've said I need to consider, I think a compensation award of £200 is fair compensation her for the distress and inconvenience caused by not being signposted to Nationwide's provision of a BAA.

To be clear I'm not planning on directing Nationwide to open an account with a debit card facility as Miss P has been made aware of other BBA providers albeit a number of years after her application and/or accounts were closed by Nationwide".

The deadline for both parties to respond to my provisional decision has now passed.

Miss P hasn't responded. Nationwide has said it accepts what I said in my provisional 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.

Having done so, and for the reasons in my provisional decision – as above – I have decided to uphold this complaint in part.

Should Miss P accept my final decision it will need to let us know where she wants the £200 compensation paid to. Nationwide say it can pay this into her savings account with it, or to a an external account should Miss P now have one.

My final decision

I have decided to uphold this complaint in part for the reasons given above. I now direct Nationwide Building Society to pay Miss P £200 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss P to accept or reject my decision before 1 September 2025.
Ketan Nagla
Ombudsman