

The complaint

Mr M complained about actions taken by Nationwide Building Society ('the Society') and poor service in connection with multiple declined transactions.

What happened

From January 2025 onwards, Mr M repeatedly had problems with blocked payments he'd attempted using the Society's mobile app on his smartphone and he was unable to add his debit card to a digital wallet. When he contacted the Society and confirmed the transactions he was attempting were genuine and authorised by him, he'd been led to understand that the block was removed and so he wouldn't have further issues. Unfortunately, he continued to have difficulty with some mobile payments and still wasn't able to add his debit card to a digital wallet.

Mr M wasn't happy with the Society's response when he complained. It told Mr M that it was required to carry out fraud checks to help keep his account safe and it had acted in line with the account terms and conditions.

Our investigator thought that the Society needed to do more here. He didn't think the blocked payments Mr M wanted to make looked particularly high risk and he said it was frustrating for Mr M to be told that blocks would be removed when this didn't resolve the issue – as they were simply being re-applied each time. He didn't feel that the Society had provided a valid explanation and recommended that it should work with Mr M to resolve the problem and pay him £250 compensation.

Mr M was happy with this proposal. The Society disagreed, mainly saying that there had been no bank error or poor service and the blocks were being applied by its automated fraud detection system designed to protect customers (which it couldn't just switch off).

As the complaint was unresolved, it came to me and I issued a provisional decision, saying as follows:

'The Society must comply with its legal and regulatory obligations and have processes in place to keep customers' money safe. How businesses choose to operate and their internal processes come under the oversight of the Financial Conduct Authority ('FCA'). So it's not up to me to tell the Society how it should implement anti-fraud measures. And sometimes this can mean legitimate transactions that a customer wants to make are identified and blocked. Understandably, this can cause distress and inconvenience to a customer – but it doesn't necessarily mean there's been a mistake. It seems to me that what happened here (the repeated account restrictions applied to Mr M's account) was due to measures the Society has to have in place to safeguard customers' money and the result of its automated anti-fraud system operating as designed. The Society's business terms cover this situation and Mr M would've signed up to the account terms and conditions in order to be able to use the account. So I don't find that the Society made any error here in applying blocks to the account.'

Nonetheless, the Society still needed to act in a fair and reasonable way towards Mr M. I've thought carefully about this.

I've listened to the call recordings provided and considered all the other information the Society has sent us in connection with this complaint. I think the Society could've explained things better to Mr M. He was led to understand after speaking to call handlers that the account block was removed and that he would be able to make unrestricted payments and add his debit card to his digital wallet. No-one he spoke to at the Society appears to have realised or explained to Mr M that what was happening was that its automated anti-fraud system was straightaway re-applying the block when it was removed – and that this wasn't something the call handlers could prevent.

The Society has sent me a fuller explanation about why this might have happened here - but that's confidential. So I can't share that information with Mr M although I can understand better why the Society's inbuilt system has been overriding the removal of restrictions from his account. But I still think the call handlers Mr M spoke to could've explained that they can't always override or circumvent blocks applied by the system so that his expectations were better managed in this respect.

Had the Society done this, Mr M might've wanted to think about his other options and/or arrange his spending differently to prevent the repeated nuisance of having attempted payments blocked and wasting time on the phone to the Society when this happened. The Society appears to agree with me that the service failing here wasn't applying blocks to the account, but the communication around that. It has told us that in future it will aim to provide a clearer overview of its fraud detection systems and why consumers' transactions might continue to flag and the cause of blocks on accounts.

So, like our investigator, I am satisfied that the Society should pay Mr M redress for this poor service.

I've thought about the impact all this had on Mr M. He wasn't prevented from using other payment options – he was always able to use his card in shops and to make cash withdrawals. And I haven't been provided with anything to show that what happened resulted in him losing out in money terms. But I don't doubt that the shortcomings I've mentioned and the resulting poor service I've identified on the part of the Society would've been frustrating and inconvenient for Mr M.

Overall, I think £100 compensation is fair and reasonable in these circumstances. It reflects the distress and inconvenience Mr M was caused and is in line with the amount this service would award in similar cases.

I understand Mr M has outstanding payment disputes concerning some transactions to some of the same payees where payments were blocked, which he tried to make using the same phone and payment method and that the Society is currently looking into these. After those are dealt with, if he still continues to have problems operating his account, then he can bring a further complaint to this service if the Society is unable to satisfactorily resolve his concerns.'

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.

The Society said it had nothing further to add but I've carefully considered Mr M's further representations.

I appreciate he feels strongly that further compensation is due and that he lost his main and preferred payment method for an extended period. But this wasn't all the result of the Society making an error or acting unfairly or unreasonably – its system kept flagging his transactions for further checks and it was operating as intended when this happened. The root of the problem here was the poor communication around this issue. And whilst this was undoubtedly unsatisfactory and it was disruptive for Mr M when he lost his primary payment method, he did have a workaround option to fall back on. I don't think carrying his debit card with him rather than relying exclusively on his digital wallet would've been a significant inconvenience.

Taking everything into account, I am satisfied, for all the reasons I've explained above, that £100 is fair and reasonable compensation for Mr M in this situation.

Putting things right

The Society should pay Mr M £100 compensation to reflect the impact on him of shortcomings in the overall service it provided.

My final decision

My final decision is that I uphold this complaint and direct Nationwide Building Society to take the steps set out to put things right for Mr M.

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

Susan Webb
Ombudsman