

The complaint

Mr G complains that Nationwide Building Society has failed to prevent unauthorised direct debits being set up on his account, and after closing the account on his new account with another provider.

What happened

Mr G said for almost 10 years he has experienced unauthorised and fraudulent direct debits being set up on his account. He said in 2024 this increased from once or twice a year to many over the space of a few weeks. He complained to Nationwide and asked for any unauthorised direct debits to be stopped, but said they told him they were unable to comply.

In desperation, Mr G said he closed his account, but discovered unauthorised direct debits were transferred from Nationwide to his new account. He said Nationwide was unhelpful and told him his new provider is responsible for stopping direct debits being transferred from Nationwide. He said his new provider said it has no way of stopping these payments.

In March 2025 Mr G said a fraudulent direct debit was set up relating to an address he had not lived in for years. He said Nationwide told him it won't remove him from its system and can't stop someone using his old account details to set up direct debits or transferring them to his new provider. Mr G wants Nationwide to stop this happening to his new account.

Mr G says he hasn't suffered financially as he checks his account every day, but the stress and inconvenience are considerable. He said he's spent hours on the phone to Nationwide and now to his new bank and should be compensated for his time and stress.

In response to Mr G's complaint Nationwide said until the first direct debit payment has been taken it is unaware a mandate has been set up. And after a current account switch the new provider holds the redirection on the customer's old account and so to stop the redirection of new transactions on Mr G's old account he should request its removal from his new provider.

Nationwide suggested Mr G apply for a protective registration on his personal details via a link to the National Fraud Database. Nationwide said it is required to keep certain information for six years from the date Mr G closed his last product.

Mr G wasn't satisfied with Nationwide's response and referred his complaint to our service. He said two further direct debits had been set up on his closed nationwide account. But Nationwide still transferred them to his new account.

Our investigator didn't recommend that the complaint be upheld. He said Mr G's new provider confirmed that all account switching and payment redirections completed in September 2024, and after this Nationwide could not receive or action any further direct debit instruction as his account was closed. He said there's no evidence that Nationwide could, or is currently, referring direct debit set-up requests to Mr G's new provider.

The investigator said direct debits are initiated by service providers, and banks act solely on these instructions. He said banks don't confirm customer consent in setting up direct debits

as they do with app payments as this is not part of the Direct Debit Guarantee scheme. He said Nationwide set up the direct debits on Mr G's account based on valid instructions.

Mr G disagreed and requested an ombudsman review his complaint. He said the investigator had ignored fraudulent direct debits moved to his new provider after his Nationwide account closed. He said Nationwide allowed this for years despite his many requests for assistance.

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 G said he complained to Nationwide every time an unauthorised direct debit was added to his account and said this has been happening for about 10 years. He said Nationwide did nothing to prevent unauthorised direct debits or ameliorate the damage caused.

I appreciate how strongly Mr G feels about his complaint and I'm sorry his problem continued after he closed his Nationwide account. Our rules require me to determine a complaint by considering all the evidence to decide what's fair in the circumstances. Having done so I have come to the same conclusion as the investigator, I will explain my reasons.

Mr G has mentioned some examples of previous attempts to set up fraudulent direct debits on his Nationwide account. He said they have all been set up anonymously online and Nationwide has not attempted to validate them.

Nationwide has said when setting up a direct debit on a current account it acts in good faith based on the information it receives from the direct debit mandate holding company. As the information provided has confirmed Mr G's name and account details, then under the Direct Debit Guarantee scheme the payment is set up. Nationwide said that without Mr G making contact to confirm a direct debit isn't his, it would not know that this could be fraudulent. Nationwide does not put a block on direct debits being added to an account.

It is worth noting that the acceptance and management of direct debits is carried out by Nationwide and others in accordance with the Direct Debit Guarantee scheme. This doesn't include a similar level of verification as an online payment or a payment via a banking app, presumably because the risk is not considered to be as great.

It appears that Nationwide followed the requirements of the scheme in its handling of Mr G's account though I appreciate his stress at seeing direct debits on his account that he has not agreed to. The investigator has explained that our service cannot instruct banks to alter the process for setting up direct debits or the terms of the Direct Debit Guarantee scheme.

After the full switch of Mr G's Nationwide account to his new account provider in September 2024, Nationwide had no control over his new account, or any payments to it. From that point any direct debits set up would go via the automated switch redirect system to Mr G's new provider. This means that to stop redirections Mr G would need to speak to his new provider. However, once the switch process started direct debits would have been sent across as active even though they may have been cancelled.

Mr G mentioned that Nationwide stopped the account switch process at one point, which he took as proof of its ability to stop transactions being transferred to his new account. Nationwide said the switch was stopped due to a fraud flag at its end, but once it was satisfied there was no issues with any potential fraud the switch was allowed to continue.

Mr G's new bank has confirmed the redirection process has ended and stated that four payment instructions were transferred over from Mr G's Nationwide account. It shouldn't be possible for any new instructions from Nationwide to reach the new account and Nationwide has no record of the attempted direct debits Mr G has mentioned from March 2025.

I am pleased to see that Mr G has not suffered any financial loss and he is aware that the Direct Debit Guarantee scheme should cover him if anything untoward happens. The scheme also gives customers piece of mind that they will be entitled to a refund if there is a mistake involving a payment. Nevertheless, I can appreciate Mr G's stress about the prospect of losing money to unauthorised payments from his account.

In response to Mr G's request to remove the information it holds about him, Nationwide has explained that it's required to keep certain information for six years from the date Mr G closed his last product. This is common practice of all banks regarding closed accounts.

I have checked Nationwide's records and listened to Mr G's calls from July 2024, onwards. I haven't seen records of specific disputed direct debits other than a direct debit set up on 17 September 2024 but cancelled by Mr G the same day. It was during Mr G's call on that day, that he made his complaint. I don't want Mr G to think that I do not empathise with the stress he has faced, as I have heard him say that he has been checking his account several times each day. However, as I have said, Nationwide has acted according to the requirements on all banks with regard to direct debits and so it follows that I cannot uphold his complaint.

I very much hope that the problems with Mr G's Nationwide account are behind him and that he has no similar issues with his new provider. If Mr G thinks any further direct debit is being transferred to his new account from his old account, then he should provide full details to Nationwide in the first instance.

Our service investigates the merits of complaints on an individual basis and that is what I've done here. I think it's important to explain that my decision is final. I realise that Mr G will be disappointed by this outcome though I hope he appreciates the reasons why it had to be this way. By rejecting this decision, it will be of no legal effect.

My final decision

For the reasons I have given it is my final decision that the complaint is not upheld.

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

Andrew Fraser

Ombudsman