

The complaint

Mr O complains that Nationwide Building Society acted unfairly by using funds in his account to pay a creditor following a Third-Party Debt Order being issued by the Courts.

What happened

Mr O explains that he's been seriously ill for the past two years, which prevented him from working. As a result of his illness and related financial difficulty, he fell behind on his payments with a creditor. The creditor applied to the Court for a Third-Party Debt Order ("TPDO").

On 2 January 2025 the Court issued an Interim TPDO. Nationwide was ordered to freeze funds in Mr O's account(s) up to the debt amount until a further hearing took place to decide if a final TPDO should be made. This hearing was set for 17 February 2025.

As instructed in the Interim TPDO:

"if the third party is a bank or building society, and the judgment debtor or their family suffers hardships through not being able to meet ordinary living expenses as a result of not being able to withdraw money from the account, a Court may make a hardship payment order allowing some money to be paid out. An application form (N244) can be obtained from any Court office (see overleaf for details)"

On 13 January a total of £1,627.29 was debited across two of Mr O's Nationwide accounts as payments made to "SUNDRIES". Nationwide has explained that this is a holding account used to transfer funds for the purpose of paying the TPDO. Nationwide also says that in accordance with the Attachment of Debts (Expenses) Order 1996, it charged a £55 admin fee during the process – included in the deduction of funds.

On 17 February the Court issued a Final TPDO. Nationwide was ordered to pay the creditor £1,572.29 on or before 3 March.

Mr O complained to Nationwide. He said that his Universal Credit payment had been deposited into his account just days before his funds were frozen and the withdrawal left him with only £1 in his main account which he couldn't survive off. Mr O thinks that benefit payments such as Universal Credit are legally protected from enforcement action under Court orders. These funds are intended to cover essential living costs such as food, rent, and utilities, and should not have been seized.

Mr O says that by authorising the debit, Nationwide caused him significant financial hardship and distress. He thinks Nationwide should reverse the transaction and pay him compensation.

Nationwide didn't uphold the complaint, it said:

"Nationwide, as the Third Party, is obliged to secure all funds in the customers' accounts on the date of service. The TPDO covers all funds in the accounts at the date of service."

There is nothing in the Court rules about benefits or any other moneys being exempt. It's not a decision for us to make as to whether any funds should be excluded. That is something that you would need to raise with the Court and it's up to the Court to make any decisions.

If you are experiencing any financial difficulty you can apply to the Court for a Hardship Payment Order.”

Unhappy, Mr O came to our Service. Mr O has quoted several rules and regulation and in particular he believes Nationwide has breached both statutory protections under the Social Security Administration Act 1992 and the FCA's rules on the fair treatment of vulnerable customers.

An investigator looked into things and didn't find that Nationwide had acted unfairly. Mr O didn't agree and asked for his case to be decided by an ombudsman.

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 given careful consideration to all the submissions made by both parties, but I won't address each and every point that has been raised. I'll keep my comments to what I think is relevant. If I don't comment on any specific point, it's not because I've not considered it but because I don't think I need to comment on it in order to reach a fair outcome – in keeping with the informal nature of our Service.

When considering what is fair and reasonable in all the circumstances of this case, I'm required by DISP 3.6.4R of the FCA Handbook to take into account the relevant law, regulations, regulators' rules guidance and standards, codes of practice, and (where appropriate) what I consider to have been good industry practice at the relevant time.

Having done all that, I don't think this complaint should be upheld. I realise this will be disappointing for Mr O. But I hope the reasons I have set out below will help him to understand why I have come to this conclusion.

The starting point here is to look at what the terms and conditions for Mr O's accounts say about Nationwide's ability to make deductions from the account:

“When we can refuse to act on your instructions...

26. We will have to comply with any Court orders (or other instructions we are legally obliged to follow) we receive affecting your account such as a child maintenance order, a debt relief order or a bankruptcy order. This may mean we have to freeze your account and/or make deductions from it.”

Having considered the above, I'm satisfied that Mr O's account terms and conditions make it clear that Nationwide has an obligation to comply with relevant Court orders which in turn means it can make deductions from Mr O's account – in this case for the purpose of complying with the TPDO.

I appreciate Mr O has made reference to legislation and rules that he thinks apply to his case. I've thought about these when reaching my decision.

The rules governing third party debt orders can be found in Part 72 of the Civil Procedure Rules. Under these rules the TPDO allows the creditor to recover money directly from a third party (in this case Nationwide). Nationwide must comply with these rules and there is nothing written in the rules that makes a distinction about which funds are recoverable, and which aren't.

Having considered the relevant rules, certain benefits like Universal Credit may be protected at source, meaning that the Department for Work and Pensions won't be treated as a third party under the order and deductions won't be made at source. But once the benefits are paid into Mr O's account it becomes money Nationwide is holding as the third party – that it must pay in compliance with the TPDO.

I am sorry to hear about Mr O's circumstances. If Mr O is experiencing financial hardship as a result of the order, that is something he would need to address through the Courts. It's not Nationwide's role to alter the terms of the order in any way. If Nationwide didn't comply with the TPDO, it could have potentially been in contempt of Court.

I am sorry to disappoint Mr O but for the reasons I've given, I don't think Nationwide has acted unfairly in this case.

My final decision

My final decision is that I don't uphold Mr O's complaint against Nationwide Building Society.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 20 February 2026.

Arazu Eid
Ombudsman