

The complaint

Miss B complains that Nationwide Building Society has not applied the correct interest rate that she opted for when opening her Individual Savings Account (ISA) and savings account.

What happened

Miss B said Nationwide advertised a new savings rate of 5% in March 2024 but declined her online application when her previous ISA matured even though it was within the timescale. She called Nationwide and was advised this was a head office error and would be put right. However, after several weeks she called again to be told she had been misadvised and offered £30, which she declined. Miss B said Nationwide couldn't explain its decline.

In its response to Miss B's complaint Nationwide apologised for the incorrect information its adviser gave her and offered her £50 to say sorry. But Nationwide said it didn't do anything wrong when her application didn't go through.

Miss B was unhappy about her accounts remaining on lower rates than advertised and the lack of any explanation and called Nationwide again. She said Nationwide's adviser said she would look at the complaint again, but weeks passed with no further response. Miss B made more calls to Nationwide and emailed but promised responses did not materialise.

Miss B referred her complaint to our service. She said Nationwide had acted unfairly and wasted a lot of her time. She said if Nationwide had explained its decline of her application she may have transferred the funds to another provider, who were offering similar rates.

Nationwide told us Miss B made one application which it declined. It said the applicable rate was 4.5%, which became available in March 2024, before being withdrawn in June 2024.

Our investigator recommended the complaint be upheld in part. She said it's a matter for Nationwide to decide what accounts to open and what customers it wants to accept or retain. She said Nationwide has provided the information and evidence to support its actions to us in confidence and she was satisfied it declined Miss B's application fairly and reasonably.

The investigator said Nationwide is under no obligation to provide a full explanation to Miss B and we can't share further information. But, as Miss B made several calls to Nationwide about her complaint, and although complaint handling isn't a regulated activity, Nationwide should have provided a better service. She said Miss B was given incorrect information on her first call and didn't receive a call back as promised. She said Nationwide should pay her further compensation of £50 for her inconvenience.

Miss B wasn't happy and requested an ombudsman review her complaint. She said she had left her savings in a basic account waiting for this to be sorted and had lost interest of over £1,000. She didn't accept Nationwide did nothing wrong on renewal of a product she already held and wanted to know why her application was declined. She described her difficult personal circumstances and said she wasn't interested in a token £100 compensation.

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.

Nationwide declined Miss B's application for its new ISA product with a higher interest rate, and I am sorry to learn about the impact on Miss B and the very difficult personal circumstances she has experienced.

Having read and considered everything the parties have sent me, I've reached the same overall conclusion as the investigator. I know Miss B will be disappointed as I can see how strongly she feels about what happened, so I'll explain why.

Miss B wanted her accounts set up with the higher rates Nationwide was offering in March 2024 and completed an online application for its ISA product with funds from her maturing ISA with Nationwide. My role is to determine whether what took place was fair and reasonable and whether Nationwide followed the process correctly, and I think it did.

Every bank has its own criteria for deciding whether to open accounts and many are similar. Banks can refuse to open accounts and aren't obliged to explain the reasons for refusal. A bank's decision not to open an account is generally a commercial decision that it is entitled to make provided it is fair and not discriminatory.

I can see that Nationwide choose not to provide information regarding its decline of Miss B's application. As I have said, banks are allowed not to do further business with customers and to keep their reasons confidential, so I am unable to require Nationwide to provide this information to Miss B. Having said this, Nationwide has provided information in support of its decision, and I am satisfied it declined Miss B's application fairly and reasonably.

Miss B is also unhappy about problems she encountered with Nationwide's complaints process. Complaint handling isn't a regulated activity. As a general rule, if the complaint is solely about complaint handling, we wouldn't be able to look into things. But where complaint handling forms a part of a customer's complaint, then we may look into how the complaint was handled if what the business did has further impacted the crux of the complaint.

Although I have found no error in Nationwide's decline of Miss B's ISA application, it was in error when its adviser gave her incorrect information on the initial call. I have also seen poor service in not calling her back as promised and with its email communications.

Where our service finds a business has provided poor service, we seek to put the customer back in the position they would have been in had the issue not occurred. We don't have the power to fine companies or change businesses process or procedures. And we can't award for, what hypothetically might have happened. We consider what did happen, the impact that had on the consumer and what resolves the issues fairly and reasonably for all parties.

Miss B says she left her savings sitting in a basic account waiting for the issues on her application to be sorted out and this has cost her £1,000 in lost interest. We would expect complainants to do what they reasonably could to minimise any impact of a business error or poor communications and in Miss B's case the precaution to take was to invest her funds elsewhere during her complaint.

I agree that Miss B has been caused frustration and inconvenience. Having considered the poor service carefully, I agree with our investigator's recommendation that a fair and reasonable compensation award for the impact of this is £100. This is in line with what I

would expect in the circumstances presented and within the general framework our service uses when assessing compensation amounts, details of which are available on our website.

By way of conclusion, I understand that Miss B wants information regarding this matter to be provided. However, there are instances when such information that we have considered, can be shared, and times when information is viewed as confidential and as such, I am unable to share anything further to Miss B.

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. By rejecting this decision all options remain open to Miss B.

My final decision

For the reasons I have given it is my final decision that the complaint is upheld in part. If accepted by Miss B, I require Nationwide Building Society to pay her total compensation of £100 for the inconvenience it has caused her.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 5 November 2025.

Andrew Fraser
Ombudsman