

The complaint

Ms P complains Nationwide Building Society won't pay her legal fees after it loaded her details to a fraud database.

What happened

Ms P received a payment and Nationwide was told by the sender's bank the payment was fraudulent. Nationwide asked Ms P about the payment and she sent in some information.

Nationwide wasn't happy with what Ms P sent in, so it closed her account and loaded her to a fraud database. When Ms P couldn't open new accounts, she went to a solicitor's firm, and it contacted Nationwide.

The solicitor's firm sent Nationwide some further information, from Ms P, about the payment and Nationwide agreed to remove the fraud marker loading.

Ms P was charged £3,600 by the solicitor's firm and asked Nationwide to refund this loss. Nationwide said it wouldn't refund the solicitor's costs.

Unhappy with this response Ms P brought her complaint to this service. An investigator looked into things and thought Ms P's complaint should be upheld.

The investigator thought Nationwide should have asked Ms P for more information if it wasn't entirely happy with her first reply.

Because Nationwide didn't do this, and instead just closed her account and loaded her to a fraud database, the investigator thought this was unfair. The investigator thought Nationwide should pay Ms P the £3,600 solicitor fees.

Nationwide responded to say it would pay half the fess as a gesture of goodwill.

Ms P didn't accept this offer, so the complaint was passed to me to decide.

My provisional decision

I thought Nationwide's offer of half the legal fees was fair, so I issued a provisional decision, and in it I said:

I think Nationwide was wrong to load Ms P to a fraud database on the information it had. The sender of the payment said it was fraudulent, they'd paid for a service and not received it.

But Ms P had evidence she was in contact with the sender, and Nationwide's issues with Ms P's evidence was around the lack of content in the messages around the payment, it seems to have wanted to see more context around the messages.

I think Nationwide should have asked Ms P for more information before closing her account and loading her details. Once the solicitor's firm was involved, and sent over the extra messages and some comment, Nationwide removed the loading.

If Nationwide had asked Ms P for more information I'm persuaded she'd have sent it in, so I think Nationwide was too quick to close her account and load her details.

I don't think Nationwide had met the fraud database's standard of proof. Although the payment had been reported as fraudulent, I don't think Nationwide had enough information to say Ms P had been deliberately dishonest in receiving the payment.

Nationwide closed Ms P's account without notice. Nationwide sent Ms P a letter to say it was closing her account, but this didn't say it had loaded her details to a fraud database.

But the letter did say the closure was because of a fraudulent payment, and the letter said if Ms P was unhappy she could complain to Nationwide or come to this service.

Instead, it seems Ms P paid for a solicitor's firm to take her complaint to Nationwide.

This service is free to use, and Ms P was, I think, aware she could bring her complaint here, Nationwide's letter said this. And I think the solicitor's firm should have been aware this service exists and is a free alternative to court.

Because Nationwide's closure letter included both its complaints department and details for this service, I think Ms P had other, free alternatives to paying a solicitor's firm to bring her complaint.

I don't think Ms P was forced to use the solicitor's firm to get the fraud database loading removed. This means I don't think it would be fair to tell Nationwide to refund all Ms P's costs.

Nationwide's made an offer to pay £1,800, and I think this is a fair offer.

I also think Ms P was caused some inconvenience by Nationwide loading her details, in error, to the fraud database. Ms P would have struggled to open new accounts, and this was inconvenient to the point she felt she needed legal advice.

I think Nationwide should also compensate Ms P for this, in addition to its offer to pay half her legal fees.

Overall, I think a payment of £200 is fair in the specific circumstances of Ms P's complaint.

In Nationwide's submissions it seems it loaded Ms P's details to two different fraud databases, I think Nationwide needs to ensure it's removed Ms P's details from both.

Responses to my provisional decision

Nationwide responded to say it had nothing to add to my provisional decision. Ms P didn't respond.

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.

Since neither Nationwide nor Ms P sent in anything to change my mind, my final decision is in line with my provisional decision.

My final decision

My final decision is I uphold this complaint and Nationwide Building Society must:

- pay Ms P £1,800, half her legal fees
- pay Ms P £200 in compensation
- remove Ms P's details from any fraud databases it loaded her to

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms P to accept or reject my decision before 30 October 2025.

Chris Russ
Ombudsman