

The complaint

Mrs G complains that Nationwide Building Society unfairly decided that she was liable for unauthorised transactions on her account.

What happened

Mrs G complained to Nationwide after it didn't agree to refund her for transactions she says were unauthorised. Mrs G disputes that she authorised transactions of around £212,000.

Mrs G says she's vulnerable because of her age and that she had been the victim of abuse and coercive control carried out by a family member (who I'll refer to as "S") that lived with her from around 2017. Mrs G says Nationwide failed to notice that the activity on her account was out of character for her. Both parties are aware of the background, so I'll only summarise Mrs G's submissions.

Mrs G says she disputes payments made from her account between 2020 and 2022 – this includes payments made using her debit card, online banking transactions and ATM withdrawals. She says the transactions she disputes were carried out by S without her consent. Mrs G says her debit card was stored securely at home – she recalls using her original debit card at times but has since discovered that S was in possession of the debit card issued to her in 2021. Mrs G says she didn't have a need to carry out regular spending, as she and S had an arrangement that S would cover her living expenses, in exchange for living with her rent-free.

Mrs G also says that S had access to her online banking via his mobile device because he assisted her with her finances. She says she isn't confident with technology, so she asked S to help her complete specific payments to third parties on her behalf. Mrs G submits that she didn't consent to further online banking activity beyond these specific payments.

Mrs G says S made fraudulent use of her account, and this remained undiscovered until July 2022, following another family member's intervention. It was also later discovered that S had been intercepting Mrs G's correspondence, so she was unaware of the extent of S's activity on her account. It is my understanding that S has since been subject to criminal proceedings regarding his alleged unauthorised use of Mrs G's account.

Nationwide's stance on the matter is that it thinks Mrs G shared access to her debit card with S, giving him authority to access the funds on her behalf. The business also thinks Mrs G compromised her online banking by sharing her credentials with S. Nationwide also feels Mrs G had numerous opportunities to review her account activity so she would have been aware of the level of payments leaving her account.

Following Mrs G's referral of this complaint to this service. One of our investigators concluded that all the transactions Mrs G disputes were unauthorised – and asked Nationwide to refund the total amount. Nationwide didn't agree, pointing to multiple inconsistencies in Mrs G's testimony and questioned the activity between her different accounts. The business suggests that Mrs G's authority for S to use her account extended beyond the specific transactions she says she asked him to complete on her behalf.

Nationwide also raised doubts about the agreement between Mrs G and S about their living arrangements and the costs they agreed S would cover. Nationwide also isn't persuaded that Mrs G had no knowledge of the extent of the disputed activity taking place on her account.

So the complaint has been passed to me for a final review. Following further contact with Mrs G regarding the discrepancies Nationwide has pointed to, she clarified the following:

- She previously advised that she disputed all the activity on her account during this period. She's since explained that this version of events was put forward as a generalisation.
- She confirmed that her original debit card was stored securely and she's unsure how S was able to access it. She also explained that she did use the card at times for routine spending, which wasn't significant given S had agreed to cover her expenses. She points to 1 July 2021 as being the last debit card payment that she recognises as one she authorised.
- She didn't have access to the replacement debit card that she now understands to have been ordered around August 2021 – Mrs G says the card was discovered amongst S's belongings alongside correspondence kept in his room.
- Mrs G accepts that her testimony has been inconsistent at times and points to her age, the passage of time and her overall distress caused by the wider circumstances of what S did to her. So she was unable to offer clarity to some of our recent questions about the activity on her account with Nationwide and another third-party bank – which Mrs G says S also seems to have compromised. Mrs G reiterated that she understood that any funds S provided to her were S's alone.
- Mrs G confirmed the mobile device she's been using for the last five years. She also reiterated that the only online banking payments that she authorised were:
 - £500 paid on 24 August 2020
 - £986 paid on 31 March 2021
 - £3,100 paid on 19 May 2021

I recently issued my provisional findings:

I'd like to start by saying that I've considered all the arguments and evidence provided by both parties, but in this decision, I'll be referring to and focusing on what I consider to be the main points. No discourtesy is intended by this. We aim for our decisions to be as concise as possible.

As both parties are aware, Nationwide can generally only hold Mrs G responsible for the disputed payments if the evidence suggests it was more likely than not that she authorised them. I'm satisfied Mrs G didn't authorise most of the transactions she's disputing. I'll explain why below and set out what I intend on instructing Nationwide to do to settle this complaint.

I plan on asking Nationwide to refund the following:

- *All disputed debit card payments, inclusive of ATM withdrawals, from 13 August 2021 – June 2022*
- *All disputed online/mobile banking transactions for the whole period – 2020 – June 2022 (excluding the three authorised transfers mentioned above).*

Mrs G's recent engagement with this service clarified that she does recall some of the activity on her account. And she points to occasional use of her debit card for essential spending. Mrs G recently reviewed her statements again and clarified that she doesn't recognise any debit card activity from 1 July 2021 onwards and says she cannot be certain

about the transactions prior to this – given that many of these transactions seem to be for general spending. Mrs G maintains that her debit card was stored securely and only taken out by her when needed. As mentioned, she doesn't recall making use of the second debit card.

Given Mrs G's updated submissions, I'm not persuaded that there's a clear point of compromise prior to August 2021, when the replacement debit card was issued. I do acknowledge the position that S could have accessed the safe Mrs G says her card was stored in and returned the debit card without her knowledge.

However, having considered the pattern of activity that can be seen on Mrs G's account statements – some of the disputed payments and withdrawals seem to fall alongside payments that I consider to be for general spend. As Mrs G herself says, she does recall using the original debit card for some day-to-day spending and cannot be certain as to whether these payments were unauthorised. I don't find it plausible that disputed payments and withdrawals carried out in proximity to general spend were most likely unauthorised.

To reach a conclusion that all these payments were unauthorised would require me to arrive at a finding that S was able to access and make unauthorised use of Mrs G's debit card – but also return the card without raising suspicion, allowing Mrs G to make use of the card without concern. Or it requires me to conclude that Mrs G gave consent to S to use her card for general spend and that S went on to also make unauthorised payments and withdrawals. In such circumstances, however, it's possible that I'd be minded to conclude that S acted as Mrs G's agent or had apparent authority to act beyond the original scope of Mrs G's consent. I don't find either scenario to be plausible.

Given this, I can't fairly conclude that the debit card payments and withdrawals prior to 13 August 2021 were unauthorised. So I don't intend to instruct Nationwide to refund these transactions to Mrs G.

Turning to the online banking activity. I won't reference the device information in my decision – Nationwide has shared its records setting out the various devices that were used to carry out the online banking activity Mrs G disputes. It seems all the disputed transfers out of her account were carried out via online banking. Mrs G shared details of the mobile device she's used for the last five years. This doesn't correlate with the records Nationwide has sent to us. So I think it's likely the activity was carried out by S using a device in S's possession.

Moreover, Nationwide confirmed that there were no instances where it carried out additional verification – such as by sending a one-time-passcode to Mrs G or contacting her to verify it was indeed her that was accessing her online banking. Therefore, I'm not persuaded that Mrs G authorised the online banking activity she's disputing.

Mrs G's testimony on this issue has been consistent – she accepts that she asked S to aid in sending multiple payments to third parties. But she's been clear that her authority didn't extend beyond this. I can see that many of the disputed transfers were made directly to S or unknown third parties and were done so via multiple mobile devices – which, as I've said, do not match the device Mrs G owned. Moreover, it's apparent that the pattern of activity goes significantly beyond what I would deem as being Mrs G's typical spending habits and doesn't match her profile. So I'm satisfied that Mrs G didn't authorise any of the transfers made during the period in question (excluding the three she points to as authorised).

Similarly, I'm also persuaded that the second debit card ordered in August 2021 was done so by S, without Mrs G's consent. Nationwide recently informed me that the replacement card was issued after the original debit card was reported as lost via online banking. Given

my comments above, I'm satisfied that it's more likely that not that S submitted this report. And as I've already pointed out, Mrs G says this card was discovered in S's room.

So I think it's plausible that Mrs G never had access to this second card and therefore I'm satisfied that there's a clear point of compromise here. Given this, I'm persuaded that Mrs G couldn't have authorised any of the debit card payments and withdrawals from this point onwards, so I'll be asking Nationwide to refund all the disputed debit card activity after 13 August 2021.

Nationwide submits that Mrs G must have shared her authentication details, allowing the disputed activity to take place. I've already explained why I'm satisfied she never had access to the replacement debit card. As for the online banking details – Mrs G has been clear as to the extent of her consent regarding this. Moreover, given the relationship between her and S and her lack of confidence with using technology, I wouldn't have reasonably expected her to make an active decision to change her security credentials each time. So I don't find this to be a plausible argument for why she should be held liable for the disputed payments.

Nationwide suggests Mrs G is likely to have been made aware of the activity on her account when logged onto online banking. So the business challenges why she wouldn't have raised her disputes sooner, had the transactions indeed been unauthorised. However, as Mrs G says, she asked S to log in on her behalf to arrange the payments that she had instructed him to complete for her. So it's likely she wouldn't have had sight of her account activity. Moreover, Mrs G points to the fact that S had been intercepting her correspondence. So I can't reasonably conclude that Mrs G had been aware of the activity on her account, nor can I fairly conclude that she consented to the payments, simply because she didn't dispute them sooner.

Nationwide points to the arrangement Mrs G had with S – in that S would fund her living costs in exchange for living with her rent-free – and says that the detail of this needs to be determined as it's possible that a refund may lead to Mrs G benefiting from the funds again. I accept it's possible that S may have used funds from the disputes to pay for some of Mrs G's living expenses. However, there's no realistic means of quantifying this amount and it's equally possible that S covered Mrs G's expenses using his own funds. Moreover, as I mentioned, the pattern of activity surrounding the disputed payments was significantly beyond the scope of Mrs G's normal spending habits prior to the dispute period and doesn't fit her profile. So I can't reasonably conclude that it's likely Mrs G benefited from the disputed payments.

I am mindful that some of the disputed withdrawals were preceded by a credit from one of S's accounts into Mrs G's Nationwide account. It seems S chose to withdraw both S's own and Mrs G's funds via her account. So I can see why Nationwide considers a deduction should be made to account for the credits from S's account. However, I don't agree with this position. Most of the credits made by S were done so prior to August 2021, and I've already concluded that I cannot fairly say that withdrawals before this date were unauthorised. After this date, it seems apparent that S started to carry out frequent transfers from Mrs G's account to S's own account.

So, although there are instances where S seems to be sending funds back to Mrs G, I can only reasonably conclude that he likely did so for convenience. It's more than likely that these funds were primarily made up of unauthorised transfers out of Mrs G's account. So I'm satisfied she's entitled to a full refund.

Overall, it's important to acknowledge that the circumstances surrounding this complaint are both complex and sensitive. And I recognise that all the facts as presented by Mrs G haven't been consistent at times. I'm satisfied though that she's provided as much information as

she can, based on her limited recollection and keeping in mind the difficulties in revisiting the distress she says she's experienced. On balance, I'm persuaded that Mrs G didn't authorise a significant number of the transactions she disputes, for the reasons I've detailed. So I plan on upholding this complaint and instructing Nationwide to settle this matter in line with what I've set out in my decision.

If both parties accept, Nationwide should calculate its settlement figure in line with my instructions and share its calculations with both this service and Mrs G.

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.

Mrs G accepted my provisional findings.

Nationwide provided a detailed response in which it submits the following:

- Nationwide points to the arrangement between Mrs G and S, suggesting that Mrs G is likely to have benefited from the disputed transactions she says S carried out. The business thinks it's unreasonable not to apply a deduction to the award I've decided on, despite there being no means of quantifying the value of the payments Mrs G may have benefited from.
- Similarly, Nationwide suggests I shouldn't award 8% simple interest in addition to the refund as it perceives this to be an additional benefit. The business adds that it believes Mrs G's inconsistent testimony about the circumstances surrounding what happened prevented all parties from resolving this matter sooner. So it doesn't consider an interest award to be reasonable.

I've considered Nationwide's submissions, some of which has been raised previously with our investigator. But I'm not minded to change my position.

My earlier decision already covers the recent comments Nationwide has made. Nevertheless, I'll reiterate my position on some of the business' points. I do understand why Nationwide is concerned that Mrs G may have benefited from some of the disputed transactions – as a refund would lead to Mrs G gaining an advantage here. I acknowledge Mrs G explained that she had an arrangement with S that he would cover her general living expenses, so, as I mentioned previously, it's possible that she did indeed benefit from the disputed transactions.

However, Mrs G's understanding has always been that S was making use of his own funds, rather than hers. So it's equally likely that Mrs G didn't benefit from her own funds at all, rather S used his own funds to support Mrs G with her living expenses. There's no practical way of establishing clarity on this point and, even if I did, there's little prospect of arriving at a reliable figure – given Mrs G's position that she always thought it to be that S was using his own funds. So I'm not satisfied that it's reasonable to apply an assumptive deduction to the redress award.

Turning to the interest award, I don't agree that it's appropriate to remove this part of the award either. The basis of Nationwide's position on this is Mrs G's inconsistent testimony and that this resulted in all parties being unable to resolve this complaint sooner. Again, Nationwide also points to the potential benefit Mrs G may have received.

I accept that Mrs G's testimony has been inconsistent at times, but it's the role of this service to clarify any issues that are unclear – which has been done by the point at which I reached

my decision. It's also important to recognise that Mrs G is elderly and vulnerable. She's been subject to abuse and coercive control by a close family member and is now going through the difficulty of pursuing criminal proceedings against S. Nationwide is aware of all this detail.

So it's understandable that Mrs G has found it challenging to provide a consistent version of events, more so given the passage of time. Mrs G shouldn't be deprived of the interest she's entitled to simply because she's had difficulties providing a clear recollection of what happened – such an action would seem like a penalty has been made against Mrs G. And as I've said, I'm satisfied that there's no basis for a general reduction of the redress because Mrs G may have benefited from the disputed transactions.

I've considered Nationwide's comments about how Mrs G's account could have been compromised, the level of access she granted to S and the pattern of activity on her account. All of which I've addressed within my provisional findings – I have no further comments on these issues.

Ultimately, the heart of this complaint is Nationwide's failure to recognise that unauthorised activity had taken place on Mrs G's account and its failure to exercise its duty to protect her account. And, for the reasons explained in my decision, I'm persuaded that a significant part of the transactions Mrs G disputes were unauthorised. So my decision remains the same, in that Nationwide should refund her the value of these payments.

Putting things right

I'm upholding this complaint and instruct Nationwide Building Society to settle this complaint by:

- Refunding all disputed debit card payments, inclusive of ATM withdrawals, from 13 August 2021 – June 2022
- Refunding all disputed online/mobile banking transactions for the whole period – 2020 – June 2022 (excluding the three transactions Mrs G says were authorised)
- Include 8% simple interest on all the disputed transactions that Nationwide issues a refund for, calculated from the date each payment was debited to the date of settlement*

If Nationwide considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mrs G how much it's taken off. It should also give her a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

My final decision

For the reasons I've explained, I'm upholding this complaint. Upon receipt of Mrs G's acceptance, Nationwide Building Society should settle this complaint in line with what I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs G to accept or reject my decision before 5 December 2025.

Abdul Ali
Ombudsman