

The complaint

Mr C and Mrs K complain that Nationwide Building Society imposed a previously undisclosed limit on daily transfers that meant their authorised transaction was blocked and they lost money on investment opportunities. I have just referred to Mr C here.

What happened

Mr C attempted an online transfer of £100,000 from his Nationwide account to his account at another bank but encountered a £25,000 daily limit for payments to new or infrequent payees. Mr C called Nationwide and requested the transfer be processed over the phone. However, Nationwide said it was unable to process such large sums that way.

Mr C said it took about four days to transfer the sum over. He said the previously uncommunicated limit caused him significant delay and distress and time spent on calls. He said this impacted their financial plans. Mr C complained to Nationwide.

Nationwide responded that its payment limits allow transfers up to £100,000 per transaction, with a daily limit of £100,000. However, in certain situations it may apply a lower limit of £25,000 per day to online payments. An overview from page 5 of the account terms states:

'We may limit how much money you can take out from your account. For example, we might limit how much cash you can take out per day, or the maximum amount of a bank transfer or contactless payment. To help stop crime, we may set limits without letting you know.'

And specifically, *'in certain situations we may apply a lowered limit of £25,000 per day for online payments'*. The terms then set out the circumstances when this is likely, including transfers to new or infrequent payees. Nationwide said Mr C hadn't made a previous transfer to his account with another bank. Nationwide said these measures help protect customers and prevent fraud and cannot be overridden. It acknowledged the inconvenience caused to Mr C but said that no errors were found in the handling of the attempted transfer.

Mr C wasn't happy with this response as he said the limit wasn't clearly disclosed and Nationwide should ensure restrictions are clear. He said the Payment Services Regulations 2017 (PSR) require banks to make authorised transactions promptly if there are no valid grounds for refusal. He had confirmed the transaction was legitimate and no justification was provided beyond internal limits, and there was no suspicion of fraud indicated.

Mr C acknowledged the regulations allow banks to take fraud prevention measures but these must be proportionate and not unduly restrict access to funds. And the Financial Conduct Authority's (FCA) 'Treating Customers Fairly' principles require banks to communicate information in a clear and timely manner and provide services with reasonable care and skill. He said Nationwide's limits fail this standard and caused him unnecessary hardship.

Mr C said there is a precedent from our service concerning unexpected payment limits and poor handling. He said we have awarded compensation where banks failed to adequately assist customers with transfers or communicate restrictions. He requested compensation for distress, inconvenience and financial impact and said a reasonable amount would be £500.

Our investigator didn't recommend the complaint be upheld. He said Mr C wasn't unfairly stopped from making a transfer as Nationwide's terms are clear that it may impose a lower limit on transfers without notice. He said Nationwide gave a fair explanation of the limit it imposed. And its terms are clear that it doesn't process large transfers over the phone.

The investigator said there's no evidence Nationwide breached the PSRs or FCA principles. He said Nationwide was willing to make the transfer by another method, so didn't stop the payment and isn't responsible for loss of any potential benefit from an investment.

Mr C disagreed and requested an ombudsman review the complaint. He said they weren't informed of the daily limit. He said FCA rules prevent such a restriction being buried in fine print or updates of terms without explicit notification. He said Nationwide's announcement of payment limit changes in February 2023 was publicised on its website, but not personally notified, nor does it specify the £25,000 limit for new payees contrary to the PSRs.

Mr C asked why Nationwide required a branch visit as this is impractical and unnecessary where verification is complete. He said Nationwide accepts inward payments yet imposes limits on outward transfers under the guise of fraud prevention. This suggests the limits are not for customer protection but for Nationwide's convenience or risk management.

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 C is unhappy that he was limited to sending £25,000 when trying to transfer funds from his current account. It is always regrettable when we see a relatively simple process such as the transfer of funds go wrong. I sympathise with Mr C for the frustration he experienced.

It's our role to identify if a business has made a mistake or provided poor service and if so, look at the impact this has had on the consumer. We look at each complaint on its merits and do not seek to apply precedents. Having reviewed this complaint in detail I have not found that Nationwide has acted in error or unfairly to Mr C and so I have not upheld the complaint. I will explain my reasons for reaching this outcome.

The starting position in law is, as Mr C has said, a bank is expected to process payments and withdrawals a customer authorises it to make, in accordance with the terms and conditions of the customer's account and the regulations.

Having said that, all financial institutions holding customer funds are required by the FCA, to put in place systems that reduce and interdict transactions that may be carried out for the benefit of fraudsters. In order to meet its obligations, I consider Nationwide should:

- monitor accounts and any payments made or received to counter various risks, including anti-money laundering, countering the financing of terrorism, and preventing fraud and scams,
- have systems in place to look out for unusual transactions or other signs that might indicate a risk of fraud (among other things). Particularly given the increase in sophisticated fraud and scams in recent years, which banks are generally more familiar with than most customers,
- take additional steps, or make additional checks, before processing a payment, or in some cases decline to make a payment altogether, to help protect customers from the possibility of financial harm from fraud.

Nationwide has systems in place to meet its legal and regulatory obligations to - where possible - protect customers and itself from falling victim to financial harm, especially fraud and scams. So, to these ends, Nationwide will review transactions in the circumstances described and on occasions place a limitation such as that which frustrated Mr C.

The restricted limit Nationwide applies is not uncommon in the retail banking industry and is set out in its terms and conditions for Mr C's account. These state that Nationwide may limit the amount a customer can transfer out of their account. *'To help stop crime, we may set limits without letting you know.'* And specifically, *'in certain situations we may apply a lower limit of £25,000 per day for online payments'*. And then sets out the circumstances when this is likely.

It is clear from the terms and conditions of the account that Nationwide had the authority to block a payment where it deemed this to be a risk. Nationwide said it is likely to intervene in transactions, including where the attempted transfer payment was large and to a new payee, even when it appears the payee is also the payer. Banks have to strike a difficult balance between how to detect unusual activity on an account and to also not interfere with the vast majority of perfectly normal transactions which are not fraudulent or related to scams.

But I do understand that Mr C may not have experienced this before. I also appreciate that, in this case, it turned out that a genuine transaction got limited and this caused him inconvenience and a lost investment. It should be noted that our service cannot award compensation for a potential loss, such as what an investment could have earned. But in any event, I haven't found that Nationwide's actions were unreasonable in the circumstances.

It should also be noted that it is not within our service's remit to tell a business how to run its security procedures. It is the regulator – the FCA, who have the power to instruct Nationwide to make changes to its policies and procedures, if necessary. It is open to Mr C to contact the FCA about his experience but he should note that the FCA does not investigate individual complaints.

Mr C said according to the FCA rules firms must provide appropriate information to enable customers to make informed decisions, including clear communication about services and restrictions and significant changes. He said imposing or updating such limits without direct notification violates the FCA principle of Treating Customers Fairly. As mentioned above, the information about the limitations Nationwide may impose was available within the terms and conditions of his account and this is where we would expect this to be set out. I think the relevant information is clear and provides customers with what they need to know.

Nationwide said it informed Mr C that he could make the transfer via a CHAPS payment or by visiting a branch. It's not clear to me given the significant loss that Mr C has described, why he didn't pay the small CHAPS fee for an immediate transfer. Mr C said he couldn't understand why Nationwide was *'mandating'* a visit to a branch. Nationwide didn't mandate a visit but suggested this as a means for completing the transfer as this provides additional security.

In conclusion, there are circumstances where it might be appropriate for Nationwide to take additional steps or make additional checks before processing a payment to help protect its customers and Nationwide from the possibility of financial harm from fraud. So, I don't think Nationwide did anything wrong or treated Mr C unfairly by having such checks in place and utilising them with his transaction.

Our service investigates the merits of complaints on an individual basis, according to what we consider to be fair and reasonable in all the circumstances, and that is what I've done here. I think it's important to explain that my decision is final. I realise that Mr C and Mrs K will be disappointed by this outcome though I hope they appreciate the reasons why this outcome has been reached. By rejecting this decision all options remain open to them.

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 C and Ms K to accept or reject my decision before 16 March 2026.

Andrew Fraser
Ombudsman