

The complaint

Mrs C complains that Nationwide Building Society provided incorrect terms and conditions for a fixed rate savings bond she opened online.

What happened

In December 2023, Mrs C opened a 5-year fixed rate online bond. Mrs C says she read the terms and conditions of the bond carefully before depositing her funds and they clearly said that accrued interest could be paid into a nominated account annually. When the account had been running for a year, Mrs C was expecting to receive interest into her nominated account, but it was paid directly into the bond. She contacted Nationwide.

Nationwide looked into things and said the terms Mrs C has referred to are for a branch based fixed rate bond and those terms are different to the fixed rate online bond she holds. The building society said that the terms and conditions for the fixed rate online bond have not changed since January 2023 and they do not allow annual interest to be paid to another account, it can only be added to the bond at the end of each year up until maturity. As an exception, Nationwide paid Mrs C the interest payment for December 2024 but said it would not be able to do this for the remainder of the account's term.

Mrs C didn't agree this was fair and made a complaint. She said these were not the terms and conditions she saw when the account was opened, and she would not have invested the money for this long without access to the interest.

In its final response, Nationwide didn't agree it had made any error. It said it was not possible for its system to present the incorrect option due to the type of account that was being opened and the way in which the system is designed.

As Mrs C remained unhappy, she referred her complaint to this service. Mrs C felt there was an error in Nationwide's system, and the wrong terms and conditions were shown for the online bond. She explains that the terms and conditions have since been removed from the online banking document portal, making it difficult for her to evidence this complaint. To put things right, Mrs C wants Nationwide to pay accrued interest into her nominated account annually, as is stated in the terms and conditions she signed up to.

Our Investigator considered the complaint but didn't recommend that it should be upheld. She said the terms and conditions Mrs C had referred to did not apply to the account that she opened in December 2023. Whilst she recognised that Mrs C had structured her finances on the expectation of yearly access to interest, this isn't what the product terms actually allow. She didn't think Nationwide had treated Mrs C unfairly by concluding it was unable to pay her the accrued interest directly each year.

Mrs C didn't agree. She referred to the email Nationwide sent when the bond was set up and points out that it states the interest is paid annually and no other documentation was received to override the terms and conditions she signed up to. She maintains that Nationwide's online systems were not updated correctly and as a result of this failure on their part she took out a bond which is not suitable for her needs, resulting in financial hardship.

As no agreement could be reached, the complaint has been referred to me to decide.

My further investigation

Upon review of the complaint papers, I had further questions for Nationwide.

I asked Nationwide about its online document portal and whether it had removed any documents since Mrs C had raised this complaint. Nationwide did not answer this question specifically.

I asked Nationwide about the application process when opening a fixed rate bond online and whether the applicant is required to confirm they've seen the terms and conditions before proceeding. I asked Nationwide if there is any way it can confirm what terms and conditions were presented at the point of application. Nationwide said it is impossible for the incorrect terms and conditions to be presented as the terms and conditions are linked directly to the product chosen. It confirmed that the terms and conditions have to be viewed as part of the online process before an application can be submitted.

I also noted that the application journey refers to a welcome email and letter and I asked Nationwide when this documentation was sent to Mrs C. Nationwide said Mrs C would have received either a welcome email or letter and as her communication preference is for email, an email should have been sent.

After receiving the additional clarification I requested, on 29 October 2025 I issued a provisional decision explaining why I thought it was more likely than not that Mrs C had placed her money into a fixed rate bond that did not allow accrued interest to be paid to a nominated account each year.

In my provisional decision I said:

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Where evidence is incomplete or contradictory, I must reach my decision on the balance of probabilities. This means what I think is more likely than not to have happened given the available evidence and wider circumstances. I consider I have enough information to fairly decide the complaint, but I will consider any further evidence or arguments that either party wishes to add before I finalise the matter.

I recognise Mrs C's strength of feeling about the situation. I have no doubt that she's made this complaint in good faith and in the honest belief that Nationwide has made a mistake. But, having weighed the evidence that's available to me, on balance, I think it is more likely than not that Mrs C has placed her money into a fixed rate bond that does not allow the accrued interest to be paid to a nominated account each year. I know this is going to be very disappointing news for Mrs C, so I shall explain why I am currently minded to take this view.

The terms and conditions Mrs C has referred to are from May 2018. Mrs C is adamant that this was the information that she viewed at the time she took out the bond and that these same terms and conditions were at one point contained in the documents portal on her online banking.

Nationwide has explained that the terms and conditions Mrs C has provided are for a previous fixed rate bond that was withdrawn from sale in July 2019. Mistakes can and do happen. I don't consider that I could fairly say that any computerised system is entirely infallible. But on the facts as they are here, I am not persuaded it is more likely than not that Nationwide has included terms and conditions for a bond that had not been offered for sale in over four years. Nationwide has explained that it would not have been possible for Mrs C to have selected a different type of account because the choice to do so is not built into the process a customer must follow when opening a new account online. I am persuaded by this. When a financial business designs and offers a product for sale on its website, governance processes are followed. If a financial business had made a mistake on its website that had gone undetected through many layers of authorisation and sign off, it is likely that the mistake would have also impacted more than just Mrs C and potentially led to other complaints being made. But I've not seen any evidence to suggest there has been a mistake with wider implications for other customers.

Whilst I've thought carefully about everything Mrs C has said, I'm afraid the evidence is stronger for one version of events than the other. I am not persuaded it is more likely than not that Nationwide included terms and conditions that were four years out of date and for a product it did not offer for sale in the application process Mrs C followed when opening her fixed rate online bond. I think it is more likely than not that Mrs C is mistaken and the information she refers to having found in the document portal relates to a previous account.

Mrs C has referred to the email Nationwide sent when the bond was set up. As a result of my further investigation, it seems more likely than not that this is the only correspondence that Mrs C received at the time. Mrs C says this email clearly states the interest is paid annually. The email says "Interest is calculated daily. It is then paid yearly, on the anniversary of the account opening, as well as on the date the account is closed." All that this information does is confirm that interest is paid yearly, it does not confirm where it will be paid to. I've thought about whether this information is ambiguous. But I'm also mindful that Nationwide has said its fixed rate online bond does not and has never allowed interest to be paid out of the account during its term, so I can appreciate why Nationwide did not include additional information about features that were not on offer as part of this account.

I know this isn't the outcome that Mrs C was hoping for. But for the reasons I've explained above, I'm unable to uphold her complaint. I don't think Nationwide has treated Mrs C unfairly when it said it is not able to pay her the accrued interest directly each year.

Responses to my provisional decision

Nationwide confirmed it had received my provisional decision. It had no further comments or information to provide.

Mrs C confirmed she had received my provisional decision. She was disappointed with my proposed outcome and said she knows she was mis-sold the account.

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.

As neither party had any new evidence or arguments for me to consider, I see no reason to depart from the findings set out in my provisional decision, which is reproduced above and forms part of this final decision.

I know this isn't the outcome Mrs C was hoping for, and I am sorry to have to disappoint her.

But I ultimately don't share her opinion on what the outcome of the complaint should be. It remains the case that having weighed the evidence that's available to me, on balance, I think it is more likely than not that Mrs C has placed her money into a fixed rate bond that does not allow the accrued interest to be paid to a nominated account each year.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 17 December 2025.

Claire Marsh
Ombudsman