

The complaint

Mr C complains that Nationwide Building Society declined to refund an unauthorised transaction on his account. He says there has been a compromise of his data and is unhappy with the complaint handling process.

What happened

Mr C has a solo account with Nationwide. Mr C noticed that a transaction made by his wife, Mrs C, was debited from his account for just over £40. Nationwide have advised this payment was made via a digital wallet. Mr C says neither he or Mrs C have added his debit card to Mrs C's digital wallet. Mr C complained to Nationwide as he was concerned there has been a breach of his data security that had allowed Mrs C to make the transaction on his account.

During the complaint process, Nationwide provided some confusing information to Mr C about the card number and the token number, and the process was delayed. Nationwide said the payment was completed through a digital wallet token which was created in January 2024 on Mrs C's phone and therefore declined to refund the payment because they believed it was properly authorised. Mr C remained unhappy with this response, maintaining that he had never added his card to Mrs C's phone and has no record of doing so.

Therefore, he referred his complaint to our service. One of our Investigators reviewed the complaint and thought that Nationwide hadn't acted fairly. They said this because although Nationwide were able to say when the card had been tokenised on Mrs C's phone, they couldn't provide evidence of how this was completed and therefore, couldn't prove authentication. In addition, our Investigator thought Nationwide had provided some misleading information to Mr C, causing him additional concerns. Our Investigator thought Nationwide should refund the disputed payment plus 8% interest for the period Mr C's was deprived, and pay Mr C £75 for the distress and inconvenience.

Both Mr C and Nationwide disagreed with our Investigator's view.

Mr C said, in summary, that £75 didn't sufficiently reflect the impact of Nationwide being unable to explain to him how his card was tokenised on his wife's phone without his knowledge.

Nationwide said, in summary, while they agreed to pay Mr C £75 for the misinformation, they didn't feel they should refund Mr C for the disputed transaction. Nationwide said this because they believe the payment was supposed to be made from their joint account, Mrs C made a genuine transaction and if she paid Mr C back, then they would be putting Mr C in a better position.

As both parties disagreed, the case was passed to me for a decision.

On reviewing Mr C's case I reached a different outcome to our Investigator.

I shared my initial thoughts with Mr C and Nationwide explaining that I agree Nationwide haven't been able to evidence the payment was authenticated or authorised. However, I won't be asking them to refund the disputed transaction. The reason for this is the transaction made by Mrs C was genuine and she was able to return the money to Mr C meaning he was at no financial loss. I agreed that £75 compensation was fair for the stress and anxiety Mr C experienced.

Nationwide agreed with my initial thoughts, but Mr C didn't. He felt Nationwide should refund him because he believes it is Nationwide's security error, and that £75 doesn't sufficiently reflect his experience.

So I've considered Mr C's response below.

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.

I know this will disappoint Mr C, but having reviewed the evidence I'll only be asking Nationwide to pay him £75 for the distress caused and I'll explain why below.

Firstly, I appreciate that concerns about the security of financial information can be very distressing. I acknowledge that Mr C has told us that this has had a negative impact on him and I'm very sorry about this.

Authentication

Nationwide have shared evidence that the disputed transaction was carried out via a digital token associated with Mr C's card. However, they haven't been able to show how the token was set up or the authorisation required. For this reason I can't conclude Mr C authorised the payment.

Usually in these circumstances it would be unfair to hold Mr C liable. However, I won't be asking Nationwide to refund the payment.

I explained in my initial thoughts to Mr C that the disputed transaction was a payment made by his wife for a service she received. And I see no reason on identifying this why Mrs C can't return the funds to Mr C - meaning he wouldn't be at any financial loss. Mr C's argued that another third party wouldn't be asked to return the funds. However I'd expect this to happen in any situation where a third party accepts they made the payment and they are willing or able to repay the funds to the account holder.

Impact on Mr C

Mr C is understandably concerned about how this could have happened without his knowledge and refers to both Nationwide's security breaches and personal data breaches causing him a significant level of stress. I'm very sorry about how this has made Mr C feel but I'm satisfied the evidence provided doesn't support that Nationwide has breached Mr C's security or data.

Although Nationwide can't show exactly what steps took place to add Mr C's card to Mrs C's device I can't fairly conclude a security breach occurred. I think it's more likely some form of authentication did occur to allow the card to be added, and this was approved accidentally. I've seen no evidence that Mr C's account information nor personal data has been shared.

I acknowledge and have further considered the reasons Mr C doesn't agree with £75 being a suitable amount for his distress. He highlights, in summary:

- the length of time the complaints process has taken and the effort on his side to pursue it
- the emotional impact of believing there had been a data compromise
- the seriousness of being unable to provide evidence of authentication.

I've considered what Mr C's said about the impact on him. And I appreciate that this whole experience has been stressful for him. However, after sharing that he didn't approve the creation of the token, Nationwide successfully cancelled it, and there's no indication of any

ongoing issues. Having considered our trouble and upset bandings, I think £75 is fair compensation.

For the reasons I've outlined above I'm directing Nationwide to pay Mr C £75 compensation.

My final decision

My final decision is I partially uphold this complaint. And I direct Nationwide Building Society to:

- Pay Mr C £75 compensation

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 13 April 2026.

Cheryl Dior
Ombudsman