

The complaint

Mr C is unhappy that Nationwide Building Society sent incorrect correspondence referring to a personal loan and possible account restrictions after he applied for a credit card, which caused him distress and inconvenience.

What happened

On or around 13 October 2025, Mr C applied for a Nationwide credit card following a marketing email. On 15 October 2025, Nationwide wrote to Mr C to confirm that his application had been approved in principle, subject to him providing proof of income. Mr C provided the requested documentation and has explained that he has no concerns about Nationwide asking him to do so.

The following day, on 16 October 2025, Mr C received a further email from Nationwide which referred to a personal loan application and asked him to provide proof of income. The email also stated that Mr C's accounts might be restricted until the requested information was provided, and that Mr C might need to visit a branch if he wished to withdraw cash. Mr C was concerned by this communication, as he had not applied for a personal loan, and he was worried that his personal information may have been compromised or that his accounts had been blocked.

Mr C contacted Nationwide on the same day to clarify the position. Nationwide confirmed that the email had been sent in error, that his accounts had not in fact been blocked, and that they still required proof of income in connection with his credit card application. Nationwide later explained that the incorrect email was issued because a member of staff selected the wrong product type when arranging correspondence, which resulted in wording relating to a personal loan being sent.

Mr C complained to Nationwide because he didn't accept that the matter amounted to a simple clerical error and because he felt that the email had caused him significant distress and inconvenience. Nationwide responded to Mr C and apologised for the mistake and offered £25 compensation to recognise the impact on Mr C of the incorrect correspondence. Mr C wasn't satisfied with Nationwide's response, so he referred his complaint to this service.

One of our investigators looked at this complaint. But they felt that Nationwide's explanation as to what had happened was reasonable and that the offer of £25 compensation Nationwide had made to Mr C was fair. Mr C didn't agree, and so the matter was escalated to an ombudsman for a final decision.

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 understand why Mr C found the email he received from Nationwide alarming and distressing. The email referred to a personal loan that he had not applied for, mentioned

their fraud operations team, and suggested that his accounts may be restricted. It was reasonable for Mr C to be concerned that his personal information may have been compromised and to worry about his ability to access his money. I also accept that this caused him inconvenience, as he needed to stop what he was doing and contact Nationwide to seek clarification.

However, having carefully considered all the evidence, I feel that Nationwide's explanation of what happened here is more likely than not to be correct. Nationwide have consistently explained that the incorrect email was sent because a member of staff selected the wrong product type when arranging correspondence, which triggered wording relating to a personal loan rather than a credit card. I have not seen any evidence that contradicts this explanation.

Notably, there is no evidence that Mr C's account was ever actually blocked or that his application was substantively referred for investigation by a fraud prevention team. Nationwide's records show that Mr C retained access to his accounts, and there is no indication of declined transactions or other restrictions being applied. While the wording of the email suggested that restrictions could occur, I feel that the fact that no such action was taken supports Nationwide's position that this was an error in communication rather than a failure in their internal fraud controls.

I appreciate that Mr C feels it is implausible that an application approved in principle could later be associated with fraud-related correspondence. However, an approval in principle is still subject to further checks, including verification of income. Nationwide have explained that the same application vetting process covers these checks, and that the incorrect wording arose at the point correspondence was issued, rather than because the application itself was treated as suspicious. As explained, I consider this explanation to be credible and more likely than the alternative scenario suggested by Mr C.

It is also important to note that this service primarily considers the impact an event has had on a complainant. In this case, while I accept that receiving the incorrect correspondence caused Mr C concern and some inconvenience, I consider the impact to have been relatively limited. This is because Mr C contacted Nationwide on the same day he received the incorrect email and was reassured that the correspondence was incorrect and that his accounts had not been restricted.

While I appreciate that Mr C does not agree with Nationwide's explanation, I feel that the ongoing upset he has described goes beyond the effects of the initial error itself. In these circumstances, I don't consider it reasonable to hold Nationwide responsible for distress that continued after they had provided prompt and reasonable clarification of what had happened.

All of which means that, while I will be upholding this complaint in Mr C's favour, I'll only be doing so to instruct Nationwide to pay the £25 to him that they've already offered to pay. And I won't be issuing any further instruction to Nationwide beyond this.

This is because I feel that what most likely happened here is that Nationwide made an administrative mistake which caused Mr C distress and inconvenience, but that the impact was limited and short-lived and did not involve any actual restriction of his accounts or financial loss. And in these circumstances, I feel that Nationwide's offer of £25 compensation is a fair and reasonable way to put things right.

Putting things right

Nationwide must pay £25 to Mr C.

My final decision

My final decision is that I uphold this complaint against Nationwide Building Society on the basis explained above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 20 May 2026.

Paul Cooper
Ombudsman