

complaint

Mr S complains that Nationwide Building Society keeps declining frequent, regular payments to an online funded electronic wallet. This has caused him distress and inconvenience.

background

Mr S has an account with the building society. He gambles regularly, using an online funded electronic wallet to pay for online bets. Every time he tries to make a payment, the transaction is declined. He complains that this is inconvenient as he has to contact the society on each occasion to confirm that the transactions are genuine.

The society paid Mr S £50 compensation. It also made a further offer of £50 for the delay in issuing the response. Mr S rejected this offer.

Our adjudicator found that the society was entitled to block transactions if it thought they were suspicious. However she felt the society could have done more to help Mr S. She was surprised that there were no systems in place to allow frequent and regular specified transactions on particular accounts.

She recommended that the society pay £150 compensation for distress and inconvenience. She also asked if the society could arrange to send Mr S text messages when it blocks transactions.

The society disagrees. It says it has does nothing wrong. The society argues that there are significant risks when money is transferred to online funded electronic wallets. The payments are declined as a fraud prevention measure and it says its actions are in line with the terms and conditions of the account. The society doesn't accept that having to call on each occasion is inconvenient as Mr S is provided with a telephone number when his transactions are declined. Mr S is still unhappy because he continues to have difficulty making the transactions, and he sees the society's approach as inconsistent.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

I understand that it is very frustrating for Mr S to have his transactions blocked on a regular basis, particularly as the amounts are to a regular recipient. However, it's not unreasonable for the society to have procedures in place to protect itself and its customers from financial crime.

Mr S's account terms say the society can decline transactions if it reasonably believes that Mr S didn't give the instruction to make payment or if it reasonably suspects fraudulent activity. The society says that transactions to online wallets tend to trigger the fraud detection systems as they are risky.

But in this case Mr S told the society he regularly made transactions to the merchant. I'm satisfied that this was specifically noted in the society's records. So I don't think the society can reasonably believe that Mr S didn't give the instructions to make payment, or that it can reasonably suspect fraud given the nature of the transactions and what Mr S told it about how he uses his account.

I think the society has tried to come up with some solutions. But Mr S has explained why the society's suggestion that he phone it before he makes each transaction isn't helpful. I can see why, given that he has said he can't always get through at the times he wants to make payments. And the society has said it can't always send text messages for Mr S to reply to in order to confirm that transactions are genuine.

As things stand, it seems transactions to the online wallet will continue to be blocked. And the society says its systems don't let it flag these payments in such a way that they will go through automatically. In the light of that, this may not be the right account for Mr S, and he might want to consider moving to another account with a different provider.

I can't make the society change its systems. But, as I've said, I don't think it was reasonable in continuing to block certain payments that Mr S had told it he would be making on a regular basis. So I accept that Mr S has been caused some inconvenience as a result of this whole matter. I think he should fairly receive some compensation to reflect that. In all the circumstances, I agree with our adjudicator and consider £150 to be a fair and reasonable award.

my final decision

My final decision is that I uphold this complaint. Nationwide Building Society should pay Mr S £150 for the inconvenience caused, in addition to the £50 it has already paid.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr S to accept or reject my decision before 22 June 2015.

Elena Feeney
ombudsman