

The complaint

Mr C complains that Nationwide Building Society gave him misleading advice concerning what savings account he should open. And that it further failed to deal adequately with his complaint about it.

What happened

In July 2023, Mr C went into his local branch of Nationwide. His cash ISA (Individual Savings Account) was maturing and he wanted to know what his options were for reinvesting. He says that he made it clear that he wanted the best rate available, but also wanted to make a withdrawal within the forthcoming two to three months. He says he was told that his best option was a fixed rate ISA (FRISA) and that he needed to apply for this online. He duly applied for the FRISA. On further visits to the branch he was advised that he could have made the application in the branch and he was subsequently told he couldn't make any further deposits into the FRISA and that if he wanted to make a withdrawal this would close the account and he would have to pay a penalty of 90 days interest.

Mr C made a complaint as he believed he had been misadvised. A complaints adviser at Nationwide consulted with the branch manager and told Mr C that he wouldn't have been advised to take out a FRISA, rather the triple access online ISA would have been appropriate as it allowed three withdrawals without penalty. As he applied for the FRISA online he would have had to accept the terms and conditions. Mr C felt that the complaints adviser he spoke to was unhelpful and just quoted the rulebook back at him. He also thought that he was given the wrong information concerning the likely penalty for withdrawal

Nationwide said that its position remained the same but that it would pay him £50 compensation for the unprofessionalism he experienced in the phone calls.

On referral to the Financial Ombudsman Service our Investigator said that as Mr C applied for the account online, the details of the account's terms and conditions would have been clear so she wasn't able to say that Nationwide acted unfairly in this respect. However she did think that the attitude of some Nationwide staff was unhelpful and unprofessional. She proposed that Nationwide pay compensation of a further £100.

Nationwide accepted the proposed further compensation. Mr C asked for an ombudsman's decision and the matter has been referred to me for further consideration.

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 feels he was misadvised by a member of Nationwide staff in the branch which resulted in him taking out a FRISA which we couldn't make any further deposits into or any withdrawals for a year without incurring a penalty and closing the account. He says that he made it clear to the member of staff that he anticipated making a withdrawal within two to three months. Unfortunately any visits in branch were only recorded if a transaction took

place and no records exist of any discussions of the sort Mr C describes. So I'm unable to say what advice was given to him. All we know is that the branch manager has said that his staff would be well aware of the options and would not have advised Mr C to take out the FRISA if he needed to make withdrawals. I understand that Mr C believes he was told to take out the FRISA. But, given that he went away and made the application online, I think it's reasonable that he would have seen the essential conditions for the account before he made the full application. And I think that the online information about the account is clear -it's not buried in the small print.

I note that Mr C was told he couldn't take out the FRISA in branch and was later told that he could have done. My understanding is that the account that Nationwide says would have been recommended to him is generally only available online. But that for customers who don't have access to a computer there is an option for taking out such accounts in a branch. As that doesn't apply to Mr C I think it was reasonable for Nationwide to advise him to take out an ISA online. And as I said he would have then accepted the terms and conditions. So I don't think that Nationwide should be required to waive any withdrawal penalty if Mr C chooses to make a withdrawal.

I've gone on to consider the customer service aspect of Mr C's complaint. First of all I don't think he was misadvised about the likely amount of the withdrawal penalty. This is set at 90 days interest but that doesn't reflect the actual interest earned at the time of making any withdrawal. This is a common condition for fixed rate ISAs as they have a higher interest rate than for other ISAs which is fixed for the term of the ISA so wouldn't be vulnerable to the interest rate going down.

Having considered the telephone calls that Mr C made, particularly the two long calls with the customer adviser, I do think that the adviser appeared to be irritated by Mr C and didn't really go into whether it might have been possible to resolve Mr C's complaint. The second long call ended because Mr C refused to answer a security question properly (although in the call he had previously answered four such questions). Nationwide agreed that the adviser was at times unprofessional in those calls. Our Investigator proposed that it pay a further £100 compensation in respect of the inconvenience caused to Mr C. And Nationwide agreed to this. I think that was appropriate and I will direct accordingly.

Putting things right

Nationwide should pay Mr C a further £100 compensation.

My final decision

I uphold the complaint in part and require Nationwide Building Society to provide the remedy set out under "Putting things right" above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 10 May 2024.

Ray Lawley
Ombudsman