

The complaint

Mr and Mrs P complained that Nationwide Building Society ('Nationwide') provided them with poor customer service when handling an international money transfer, involving a number of intermediaries, following the sale of property overseas.

Mr and Mrs P were faced with financial loss and caused a great deal of anxiety by what happened. To put things right, they wanted to find out who was responsible for what had gone wrong and to get back their missing money and be able to resolve matters.

What happened

Nationwide admitted there had been shortcomings in the service it provided to Mr and Mrs P saying (in brief summary):

- it had mistakenly converted to pounds sterling when it returned an international payment it was unable to accept, which resulted in the sterling payment being rejected. The payment had to be resent in the correct currency, causing 30 days delay between 2 and 31 May 2023 while Mr and Mrs P were waiting to receive their funds.
- When Mr and Mrs P called at their local branch (several times), to find out what was happening to their money, Nationwide had failed to provide them with the level of assistance and support Mr and Mrs P were entitled to expect.

After talking things through with Mr and Mrs P, Nationwide paid them redress to reflect the extent to which Nationwide had worked out Mr and Mrs P had been left worse off in money terms as a result of what had happened, plus £600 to reflect distress and inconvenience.

Our investigator didn't feel this went far enough to resolve things and that Nationwide should do more to put things right. The investigator thought Nationwide should pay Mr and Mrs P interest at the statutory rate of 8% instead of using lower interest calculations (4.1% and 4.5%) that Nationwide said reflected Mr and Mrs P's actual loss, based on what their return would've been if they'd been able to invest sooner.

Mr and Mrs P didn't object to anything the investigator said in her view.

Nationwide requested an ombudsman review saying: *'...we don't agree with (the investigator's) view as we've redressed the consumer appropriately, given we had the knowledge of where the funds were going and what they were going to be used for.'*

The complaint came to me to decide. I issued a provisional decision.

What I said in my provisional decision

Here are some of the main things I said.

'The background facts are broadly agreed – there doesn't seem to be any particular dispute about what happened. Mr and Mrs P had initially been concerned about why the payment was rejected by Nationwide. But it doesn't seem any longer to be in dispute that Nationwide had to comply with Funds Transfer Regulations and didn't make any error when it made the decision not to accept the payment when the city and country of the originator address was missing.

Nationwide admits it made a mistake when it delayed returning the payment it couldn't accept and then sent it back in the wrong currency – which the receiving provider couldn't accept. So the key issue here for me to decide is the question of fair redress and I am going to focus on whether Nationwide has done enough to put things right.

Briefly, I need to decide what the impact on Mr and Mrs P has been as a result of Nationwide's error and delay. And when thinking about what redress is fair and reasonable, it's important to keep in mind that the ombudsman approach is to try to put Mr and Mrs P back into the position they would've been in but for Nationwide's mistake.

So I must first decide what the consequences were for Mr and Mrs P of Nationwide's error and delay.

I've listened carefully to the call recording of Mr P's discussion with Nationwide when he explained how what happened had impacted on Mr and Mrs P's financial situation.

It took 30 days for Mr and Mrs P's money to be returned to the sending bank based overseas and then come back to Nationwide, during which time the difference in exchange rate resulted in a loss to Mr and Mrs P. Nationwide worked out that this left Mr and Mrs P £1,894.11 out of pocket. From listening to the phone call with Mr P, this figure seems to have been agreed and Nationwide refunded this amount back to Mr and Mrs P. So I don't think I need to say more about this, except that looking at the exchange rates during this period, I also believe this amount is fair in the circumstances.

Once they had access to their money, Mr and Mrs P each paid £20,000 into Nationwide Individual Savings Accounts (ISAs) paying 5.5% interest. Nationwide explained however that had Mr and Mrs P not been held up by the 30 days delay and so able to invest sooner in a Nationwide ISA, they would have received a lower interest rate - the ISA Nationwide offered at the time paid interest at the rate of 4.1%. So although there's been a mistake here, Mr and Mrs P have ended up benefitting from the change in interest rates over time.

It can't be known with certainty what Mr and Mrs P would have done in other circumstances, but I am required to make my decision based on the balance of probabilities – that is, what's more likely than not to have happened based on the evidence that's available to me. It seems clear from listening to the discussion between Nationwide and Mr P that it was always Mr and Mrs P's intention to make use of their joint ISA annual allowance when they were able to do so. This is borne out by what they actually did when they received the funds and were able to make their ISA investments. And it's what I would expect Mr and Mrs P would have wanted to do when they hadn't previously used their respective annual ISA allowances and they wanted to take advantage of earning tax free interest. So I think it's fair to say that redress that reflects the rate of interest their money would have earned during the 30 days period of delay in the ISA that Nationwide could have offered them at the time (£68.33) is a broadly fair way to provide redress in these particular circumstances.

Applying the same approach to the balance of their money, which Mr and Mrs P moved to a savings account paying 4.5% at the time, Nationwide Building Society worked out that a payment of £891.07 covered the loss of interest between 2 May 2023 and 31 May 2023.

When Nationwide talked through with Mr P how it had made these calculations, Mr P appeared to be content with this approach.

Nationwide offered 4.1% on £20,000 instead of £40,000, but this is more than offset by the fact this means the higher rate of 4.55% was calculated on the remaining balance (which was bigger as a result). The way Nationwide worked out this redress has resulted in no detriment to Mr and Mrs P – in fact they are better off as a result of Nationwide having paid more on the higher amount using the higher interest rate.

Our investigator has said that 8% should be payable here because Mr and Mrs P have been deprived of the funds during the relevant time period and our usual approach is to award 8% simple interest where this is the case. But in the particular circumstances of Mr and Mrs P's complaint, I have to take into account that I think it's most likely that they would always have put their money into the accounts they eventually did here. That means I can be satisfied what their actual losses would have been. I must be impartial and I think it's only fair to require Nationwide to refund those losses – but unfair to tell Nationwide to pay any more in the circumstances.

When Nationwide asked Mr P about any other costs, he explained that they'd incurred a significant balance on a credit card used to pay for a big family event, with the intention of clearing the balance from their capital when their money came through. Nationwide paid Mr and Mrs P the £128.70 in respect of the interest that had accrued on the credit card.

So I find that in terms of any financial loss, Nationwide has provided appropriate redress. Mr and Mrs P haven't had to bear any of the costs incurred as a result of Nationwide's error or delay.

Fair compensation isn't just about not being worse off in money terms – it needs to properly reflect the full impact on Mr and Mrs P of Nationwide's service failing on this occasion. I've taken into account what Mr and Mrs P have said about the way what happened impacted on them. The money represented their life savings. Mr and Mrs P put things this way: '*... All of our plans were suddenly threatened. We both felt sick with worry, numerous nights when we couldn't sleep, lots of panic & resulting stress.*'

I can see how Nationwide's handling of matters would've caused Mr and Mrs P significant distress and been very upsetting. There was a large sum of money involved. Their payment hadn't arrived when expected, they thought their money had gone missing and Nationwide couldn't tell them what was happening and may have misled them, causing further anxiety.

All in all, I think the £600 payment Nationwide has made is fair compensation. Nationwide has paid an amount that is in line with the level of award I consider fair to reflect the extent and impact on Mr and Mrs P of the service failings on Nationwide's part. I don't think it would be fair to ask Nationwide to make any additional payment here.

To summarise, Nationwide has provided screenshots showing it has already refunded:

- £1894.11 back to Mr and Mrs P to cover the difference in exchange rates
- £1088.10 (made up of the payments in respect of lost ISA interest - £68.33+ £891.07 and £128.70 to cover credit card interest incurred)
- £600 for the trouble and upset caused.

Taking things as a whole, I think that the steps taken by Nationwide already are enough to ensure that Mr and Mrs P are not any worse off in money terms as a result of Nationwide's service failings. Mr P explained the actions he and his wife would have taken sooner if the

funds hadn't been delayed and the rates of interest they would have received have been confirmed. The £600 paid is a fair and reasonable award in respect of distress and inconvenience.

For these reasons, I'm satisfied that Nationwide has dealt with this complaint fairly I'm not planning to tell it to take any further action.'

What the parties said in response to my provisional decision

Mr and Mrs P haven't commented further and Nationwide said it had nothing further to add. The deadline for responses has now passed so I think it's reasonable for me to proceed with my review of this complaint.

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.

Given that I've not received any further evidence or comment that changes my mind about this complaint, I confirm the conclusions I reached in my provisional decision.

My final decision

For the reasons set out, 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 P and Mr P to accept or reject my decision before 5 June 2024.

Susan Webb
Ombudsman