

## **The complaint**

Mr G complains Nationwide Building Society (Nationwide) unfairly allowed an unauthorised overdraft on his bank account.

## **What happened**

Mr G says he opened a payment card account with another provider (CRV). Mr G says he decided the account wasn't right for him, so he closed the account. Mr G says he got a message from CRV saying there was a problem with the payment for the card delivery fee. Mr G says on 2 November 2022, he realised there was insufficient funds in his Nationwide account so assumed it would be declined and he was happy with that. Mr G says when he logged onto his account he noticed the payment fee of £4.99 was pending and at that point he froze his Nationwide bank card.

Mr G says he was surprised to find out the following day, when he checked for a large credit payment due to his account, that Nationwide had allowed the fee to CRV of £4.99 to be debited to his account which would have created an unauthorised overdraft at the time of the transaction, something he hadn't agreed to and didn't want.

Mr G says Nationwide have since advised him incorrectly, the payment was a recurring payment which it wasn't and subsequently paid him £50 as an apology for this misinformation which he hadn't agreed to. Mr G doesn't feel Nationwide should be allowed to put his account into an overdraft position without his consent.

Nationwide says it hadn't made any errors when authorising the payment as while it wasn't a recurring payment as it originally informed Mr G, it was a payment for a service provided by CRV, so it was obliged to authorise the payment. Nationwide says the payment had been authorised before Mr G froze his debit card. Nationwide have stated the payment of £4.99 was successfully recalled and credited to Mr G's bank account on 7 November 2022.

Nationwide says it has apologised for the earlier misinformation and paid Mr G £50.

Mr G wasn't happy with Nationwide's response and referred the matter to this service.

The investigator looked at all the available information but didn't uphold the complaint. The investigator felt Nationwide had acted fairly when it authorised the CRV payment as it was obliged to honour these types of transactions. The investigator pointed out the payment was pre-authorised by the merchant on 2 November 2022 at 04.33 and transaction approved at 04.35, but Mr G didn't freeze his Nationwide debit card until 05.49, which was after the payment had been approved.

The investigator agreed Nationwide initially incorrectly informed Mr G the payment was a recurring payment, which it wasn't, but it had fairly compensated him for that when it credited his account with £50.

Mr G didn't agree with the investigator's view and asked for the matter to be referred 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.

Having done so, I won't be upholding this complaint and I will explain how I have come to my decision.

I can understand it would have been frustrating for Mr G to see a payment debited to his Nationwide account creating an overdraft he hadn't authorised, especially when he had taken steps to freeze the debit card to prevent it happening.

The details of this case are well known to both parties, so I won't repeat everything that's already been said or contained earlier in this decision, that's not to say I haven't considered everything that's been said or provided to this service – I have. But it's just that I don't need to comment on each individual point here in order to reach a decision on what's fair and reasonable.

Mr G's complaint centres around the fact Nationwide allowed an overdraft position on his account by authorising a payment for an account he held elsewhere, after he had frozen the debit card used to authorise the transaction.

From the information presented to this service Mr G authorised a payment to CRV for a delivery fee of £4.99 for a card he had taken out with them. Mr G then decided this account wasn't for him so closed the account with CRV and knowing he had insufficient funds in his Nationwide account it wouldn't be paid – in addition Mr G froze his debit card with Nationwide.

The sequence of events here show that on 2 November 2022 at 04.33 a payment was pre-authorised, and the transaction approved at 04.35, but this was prior to Mr G freezing his Nationwide card at 05.49 – so here I'm satisfied Mr G hadn't frozen his debit card before the transaction was approved by Nationwide. The question here is if Nationwide should have allowed the transaction to have been debited to Mr G's account at a time when he hadn't sufficient funds to cover it.

Nationwide have informed this service that while it had incorrectly informed Mr G the £4.99 transaction was a recurring payment and have apologised for that, this payment was presented under a specific code identifying it as a service which can be forced through by the merchant (CRV) under Visa regulations. With that in mind I am satisfied Nationwide were obliged to honour the payment Mr G had authorised for the CRV card delivery fee.

It's worth mentioning that there has been no financial loss to Mr G, Nationwide successfully completed a payment recall within a few days. Additionally, Nationwide have apologised to Mr G for the misinformation regarding the recurring payment and paid him £50 for that, which on balance I'm satisfied is fair and reasonable in the circumstances.

While Mr G will be disappointed with my decision, I won't be asking anymore of Nationwide here.

## **My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 29 August 2023.

Barry White  
**Ombudsman**