

The complaint

Mr C complains that, after switching his current account to Nationwide Building Society, his energy company, S, wasn't updated with the new details and failed to take direct debit payments.

What happened

In early October 2022 Mr C applied to switch his bank account to Nationwide. The process was duly completed by 22 October. Mr C then discovered that S hadn't taken direct debit payments and still had his old bank details. This has caused him some problems with S.

Nationwide said it received details of three direct debits to S, which it set up on Mr C's new account. A revised direct debit was sent automatically to S and it was for S to request the payment, which it apparently did not. Nationwide paid Mr C £50 for the inconvenience and advised him that under the Current Account Switch Guarantee it would refund any charges caused by the switch, upon receiving evidence of them. Mr C was concerned about how it affected his credit status – Nationwide said that if needed it would provide a credit file amendment letter.

On referral to the Financial Ombudsman Service Nationwide pointed out that all Mr C's other direct debit providers took payments from him. Our Adjudicator said that she thought Nationwide had acted fairly.

Mr C didn't agree and said that S hadn't received his new payment details so he had to update the details manually himself. He is now having to increase his payments to S.

The matter has been passed 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.

Nationwide has shown us evidence that the three direct debit payments due to S were transferred over to Mr C's new account. The Current Account Switch Guarantee (the Guarantee) says:

"Q What happens to payments that people send to my old account?"

A The Current Account Switch Service will redirect payments to your new account. Each time an electronic payment is redirected an automatic message is sent back to the originator advising them of the new account details so they can update their records. Some organisations may contact you directly to confirm your details have changed."

So if S had still been using Mr C's old details the payments should have been redirected automatically, and I would have thought that if for some reason the payments didn't go through they would have been returned. I'm satisfied that Nationwide placed the details of

the direct debits to S on Mr C's new account. And, bearing in mind that all Mr C's other direct debits transferred across with no problems I think it likely that all the necessary processes were put in place. For the same reasons I would have thought that Mr C's old bank carried out the transfer properly. However I'm not considering that bank in this decision and Mr C should approach that bank if he needs to get any information from it. Similarly I haven't considered whether S was at fault.

The Guarantee also confirms that if something goes wrong and charges are incurred Nationwide should ensure that those charges are refunded. Similarly if Mr C's credit rating was affected Nationwide will be expected to correct any problems to ensure that doesn't happen. I note that it has offered to refund charges and/or provide a credit file amendment letter if needed.

So I think Nationwide acted appropriately in setting up Mr C's new account and in transferring the direct debits. In my view it has also made a fair and reasonable payment to him.

My final decision

I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 23 August 2023.

Ray Lawley
Ombudsman