

The complaint

Mrs H complains that Nationwide Building Society (“Nationwide”) failed to correctly account for her cash deposit resulting in a loss of funds.

What happened

A comprehensive review of the complaint was prepared by the investigator which both parties have already been sent. I don’t intend to repeat those details unless it relates directly to the issues I’m considering.

Mrs H had accumulated a large amount of cash and wanted to deposit it in a new account. She arranged with her branch of Nationwide to open the account and arranged an appointment to deposit her cash. On the day of the deposit, Mrs H was accompanied by a friend.

At the branch, Mrs H handed her cash to a branch member who took it into a private room. Mrs H said she’d previously counted the money four times which totalled £40,000. Mrs H said that the bundles contained £50, £20 & £10 notes and she wanted to keep the new “polymer” notes and deposit the older “paper” notes.

Once her money had been counted, she was told there was more cash than she thought she’d handed to Nationwide. Mrs H told Nationwide that this wasn’t correct but was told her cash had been counted multiple times, so accepted their word. She was handed back £13,590 and told at the time that £38,190 would be deposited into her new account. This would mean that Mrs H brought in £51,780 rather than £40,000.

About an hour later after returning home, Mrs H received a call from Nationwide who told her they’d counted her money incorrectly. Mrs H was told that she’d actually deposited £25,690 (rather than £38,190) and then a few days later this was then further amended to £24,440 because an additional counting error had been detected.

By this point, Mrs H was very concerned about what was happening with her account and wanted answers from Nationwide.

Nationwide were asked about what happened in a complaint raised by Mrs H and they looked into the matter. Numerous persons within Nationwide were involved in the investigation into the conduct at the branch.

They later explained that a counting machine had been set up wrongly and bundles of £50 notes were mistakenly miscounted. Bundles only contained 25 notes instead of 50, resulting in an artificial inflation of the amount of cash actually deposited. Additionally, one of the miscounted bundles was missed on the first recount and not found for a few days when Nationwide’s cash carriers collected the money and checked it themselves. Nationwide confirmed that only £20 & £50 notes were present in the deposit given to them by Mrs H (no £10 notes)

Nationwide reviewed the CCTV for the cash counting room and it was noted by a senior

manager that the machine could be seen to have been set up incorrectly, explaining the miscount. Nationwide also said that the notes were initialled at the time by the two employees who were counting the cash and that Mrs H's funds were kept in a separate bag – which made it possible to determine there was an error when her deposit was originally counted.

Nationwide admitted to their errors and offered various amounts of compensation for the service Mrs H had received. Their final offer was £600 which Mrs H declined as she wanted higher compensation and the missing money credited to her account.

Mrs H's position was that she deposited £40,000 and was given back £13,590 on the day. This meant that her account should have been credited with £26,410 rather than the £24,440 recorded by Nationwide.

Mrs H remained unhappy with Nationwide's handling of her issue and brought her complaint to the Financial Ombudsman Service for an independent review where it was looked into by one of our investigators.

Evidence from both parties was obtained and considered before the investigator produced his recommendations regarding the complaint. It was accepted that Nationwide had made numerous errors when dealing with Mrs H's cash deposit, but there was no evidence to say that money went missing. The records produced, including additional checks by other managers determined that the proper amount of money was credited to Mrs H's account (£24,440).

The investigator thought the offer of £600 was reasonable that reflected the impact this had had on Mrs H but didn't recommend that Nationwide pay any further amounts related to the count of the funds or Mrs H's belief that the original amount deposited was £40,000.

Mrs H disagreed with the outcome and asked for a further review of her complaint, which has now been passed to me for a 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.

It's quite apparent here that Nationwide have made a number of errors concerning the deposit made by Mrs H. I don't think they'll argue that they let her down and I note they've recognised this in correspondence they sent Mrs H.

The crux of the complaint is that Mrs H believes she took £40,000 with her on the day to Nationwide who then failed to account for it after returning the new notes to her. Nationwide believe that they've properly accounted for the money given to them by Mrs H.

The cash was accumulated over the years by Mrs H and she told our service it was counted by her four times. I don't doubt Mrs H's belief that she counted the funds totalling £40,000. Unfortunately, here, there's no independent corroboration of the original amount of money gathered by Mrs H that I can consider in support of her assertion.

I was surprised at how Nationwide didn't realise that they'd made such a large error when they first counted the money. During the visit, Mrs H told them the figure they had was wrong, but they chose to believe the counting machine rather than check their workings. What Nationwide were telling Mrs H was that she'd brought in over £11,000 more than she thought – a seemingly large miscalculation.

The error was soon noticed, and Mrs H informed about it about an hour after she got home. But again, the extent of the error wasn't fully checked because one other bag of £50 notes was miscounted. It wasn't until the following business day that the error was noticed due to an external company picking up the cash and further checks being carried out.

So, the original error was compounded by failing to properly check the cash – something I struggled to comprehend when it was already known the cash counting machine had been set wrongly. I did also wonder about the funds returned to Mrs H, and whilst there's no evidence to say this was incorrect, based on the various counting errors, I'm not confident about any of the figures given by Nationwide on the day of the deposit.

Nationwide have said the branch employees counting the funds initialled the notes brought in by Mrs H and put them in a separate bag – thereby segregating those notes from other cash held at the branch. This provides a measure of confidence that the original cash deposited was kept together and even though it was mistakenly recounted, ultimately the final figure was arrived at. Given there were numerous employees involved plus an independent cash courier (who would need to be certain what cash they were collecting), I'm as confident as I can be that the final figure was the correct one.

I also note that a senior manager not connected with the branch viewed CCTV of the original count. It's unfortunate that this is no longer available for me to review, so I've accepted the report from Nationwide as evidence it was viewed and nothing untoward noted.

I understand Mrs H feels that there were opportunities to lose her funds due to the time her cash was kept in the branch. Having considered all the available evidence, I think the answer lies with a poor application of Nationwide's procedures, compounded by a failure to properly follow up the original error, rather than a more sinister explanation.

Of course, if Mrs H wishes to report the matter to the appropriate criminal investigatory authorities, then she's free to do so.

Overall, I think Mrs H was very badly let down, particularly at the stage of life she's at and the personal difficulties she's experiencing that she's kindly told us about. Whilst those matters aren't the responsibility of Nationwide, their errors here caused Mrs H continued distress. However, I don't think the evidence I've seen shows that Mrs H lost funds when she handed them to Nationwide that day, and I'm satisfied the £600 offered by Nationwide is both a fair and reasonable way for them to recognise the impact this had on her.

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 Mrs H to accept or reject my decision before 17 October 2023.

David Perry
Ombudsman