

The complaint

Mr N complains that Nationwide Building Society didn't allow him access to money paid into his account and gave him incorrect information.

What happened

Mr N had an account with Nationwide.

In October 2019, Mr N received a HMRC tax refund payment of just over £7,000 into his current account. Following this, Nationwide decided to review Mr N's account and asked him to provide information regarding his entitlement to the funds.

Whilst it completed its review Nationwide said Mr N could access other money in his account by visiting a branch with identification. Nationwide placed a block on Mr N's account and ringfenced the HMRC payment whilst it waited for Mr N to provide information that showed he was entitled to the money. Following this, Nationwide decided to close Mr N's account.

In response to Nationwide's request, Mr N told the bank that he was self-employed and provided a copy of a letter he'd received from HMRC which confirmed the tax rebate and copies of some of his wage slips. Nationwide reviewed the paperwork but didn't think it showed Mr N was entitled to the HMRC payment. So, in June 2020, Nationwide returned the funds to HMRC.

Nationwide didn't tell Mr N that it had sent Mr N's money back to HMRC in June 2020. So, Mr N continued to contact Nationwide trying to gain access to the money. Each time Mr N contacted them, Nationwide told Mr N that he needed to contact HMRC and ask them to recall the funds from them – in other words giving him the impressions that the bank still had the money. But Nationwide didn't provide Mr N with any details to help Mr N with tracing the funds.

As a result, Mr N repeatedly contacted HMRC and Nationwide between 2020 and 2022 trying to locate the money and arrange for HMRC to recall the funds from Nationwide. When he did, HMRC said it was unable to find any payment related to him, based on the limited information he was able to provide, and gave him a letter to provide to Nationwide explaining that they were unable to recall the money from Mr N's bank account. When Mr N spoke to Nationwide it mistakenly told him to get HMRC to recall the funds. This back and forth went on until early 2023, when Nationwide finally told Mr N that it had actually sent the money back to HMRC in June 2020.

Mr N complained to Nationwide. He said that he had been caused a great deal of trouble and upset as a result of not being told where his money was. He said that Nationwide hadn't been clear with him about what had happened to his money and didn't give him any information that would have helped him track down his funds at HMRC, which made him feel like a football being passed between the bank and HMRC. He also complained that Nationwide hadn't released the closing balance of his account, which at the time was just over £250. Overall, he said Nationwide's actions had caused him a great deal of trouble and upset, especially as everything happened during the covid pandemic which meant Mr N was

relying on the money for his living expenses. So, he said Nationwide should pay him compensation.

In response, Nationwide said it hadn't done anything wrong in sending the funds back to HMRC and had sent the money back in June 2020.

Unhappy with this response Mr N brought his complaint to our service. One of our investigators looked into what had happened. After reviewing all the information, the investigator said that Nationwide hadn't done anything wrong when it returned Mr N's HMRC payment back to source, but it had made mistakes in not telling Mr N it had done this and repeatedly providing him with incorrect information. The investigator also said that Nationwide should have released Mr N's closing account balance. The investigator accepted that Mr N had been caused trouble and upset as a result of Nationwide's mistakes. To put things right he said Nationwide should pay Mr N £200 compensation, 8% interest for loss of use of the funds which were sent back and release Mr N's closing balance.

In response, Nationwide accepted it had made mistakes and agreed with the investigator's recommendations. Mr N disagreed. He said the amount of compensation doesn't adequately reflect the amount of trouble and upset he has suffered. He said he was evicted from his home, became ill and didn't have enough money to pay for everyday essentials. And he spent years trying to find his money. So, he wants more compensation.

As no agreement could be reached the complaint has come to me to decide.

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 not in dispute that Nationwide made mistakes in this case. It incorrectly told Mr N that it he had to contact HMRC and arrange for them to recall the funds that had been paid into his account and it confirmed this inaccurate information on several occasions between 2020 and 2022.

Nationwide returned Mr N's funds back to HMRC in June 2020. But it didn't give Mr N this information until early 2023. Nationwide has acknowledged that it should have told Mr N much sooner than it did that it had returned Mr N's tax rebate back to HMRC. It has also accepted that it should have given Mr N information that may have helped HMRC locate Mr N's funds.

Nationwide hasn't explained how the mistakes happened. It has suggested that it was a result of poor communication between internal departments. That may well be the case, but I find taking just over two years to tell Mr N where his money was unreasonable. So, I'm not satisfied Nationwide has treated Mr N fairly. Nationwide has accepted they should have told Mr N much sooner than they did that they had sent his money back to HMRC. Nationwide has agreed to pay Mr N £200 compensation for the trouble and upset caused by its mistakes. It has also agreed to release Mr N's closing account balance and pay 8% interest for the loss of use of the funds. Mr N has said this isn't enough to reflect the trouble and upset he has suffered.

There isn't a set formula that we use to calculate awards for particular mistakes or poor service. It's my role to consider what impact Nationwide's actions have had on Mr N and decide, within guidelines set by our service, whether compensation would be appropriate in the circumstances.

I've considered what Mr N has said about his personal situation and the toll taken on Mr N's health. It's clear to me based on what he's said that he has strong feelings about how he has been treated and that Nationwide should ensure what's happened to him doesn't happen to someone else. Of course, banks should take reasonable steps to avoid making mistakes, but it's unrealistic to expect mistakes will never be made. I don't doubt the mistakes made by Nationwide caused Mr N worry, upset, and led to Mr N being deprived of his funds. So, I agree with the investigator that compensation is appropriate for this.

To determine this, I've thought about the extent and impact Nationwide's errors had on Mr N. He had to spend time going back and forth contacting Nationwide and HMRC, collating information, and most significantly he had to wait more than two years for Nationwide to give him the correct information about what it had done with his money. This all happened during a time when the UK was locked down which meant Mr N struggled to find work. So, I can understand how inconvenient and upsetting all of this was for Mr N. And it's only right that Nationwide recognises this. However, I'm satisfied that £200, recommended by the investigator is fair and proportionate to the trouble and upset Mr N was caused.

In reaching this conclusion, I've reviewed the medical evidence and letter from Mr N's landlord that he has submitted. I don't disagree that Mr N has faced some serious health issues over recent years, but I've not been provided with any doctor's report or medical evidence to persuade me that anything Nationwide did or didn't do led to Mr N suffering with the health issues he has told us about. Equally, I've not been provided with enough evidence that Mr N was evicted from his home because of the mistakes Nationwide made. Given this I'm not persuaded to award Mr N more compensation.

In this case Mr N has been deprived of his funds for a considerable period of time – money that he should have had available to him to use as he wanted. Because of the length of time, I can't say for sure what the specific cost of not having these funds available would be. It will have influenced a whole host of decisions about spending and borrowing over that time. To attempt to rework or reconsider Mr N's financial decisions over the period he was without his funds would be incredibly arduous, and not within the remit of our service to resolve complaints quickly and with the minimum of formality.

With that in mind I'm satisfied awarding 8% simple interest on the amount for the period it wasn't available to Mr N is appropriate. It reflects the cost of being deprived these funds. It's also in line with the statutory interest rate on judgement debts.

In summary, it's clearly caused Mr N distress and inconvenience when he wasn't able to use his account. And had to wait as long as he did for Nationwide to release his funds. So understandably he's upset. And I appreciate it must have been a worrying and frustrating time for him. So, I realise he will be disappointed by my decision. But having looked at all the evidence and circumstances of this complaint, I'm satisfied that the compensation recommended by the investigator recognises the impact Nationwide's actions had in the overall circumstances of this complaint. So, I won't be telling Nationwide to do anything else to resolve Mr N's complaint.

My final decision

For the reasons I've explained, I uphold this complaint. To put things right Nationwide Building Society should:

- Pay Mr N £200 compensation for the trouble and upset caused by giving Mr N incorrect information on several occasions about money that was paid into his account
- Release Mr N's closing balance to him
- Pay Mr N 8% simple interest on the sum of £7,008.03 from 1 June 2020 until 17 February 2023

HM Revenue & Customs requires Nationwide Building Society to withhold income tax from the above-mentioned interest. Nationwide Building Society should give Mr N a certificate showing how much is taken off if Mr N asks for one.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 9 January 2024.

Sharon Kerrison
Ombudsman