

## The complaint

Mr R and Mrs R complain that they couldn't make a payment from their account with Nationwide Building Society ('NW').

## What happened

Mr R and Mrs R received a credit of £87,005.55 into their NW account on 3 July 2023. They wanted to send it, plus further monies to a three-year fixed rate bond with another bank – which paid 5.85% per annum. They set up the new bank account as a new payee on 1 July 2023 and made a payment to that account of £1,000 on 1 July 2023.

Mr R and Mrs R then tried to make a payment of £100,000 to the new fixed rate account, and it was declined by NW. They were told they could only transfer £25,000 per day - and so £25,000 was transferred to that bank on 3 July 2023.

Mr R and Mrs R complained. They said NW was at fault in not carrying out their instruction. They said the limit was £100,000, and therefore they'd lost out on interest on the new savings account. They said there was a pop-up message on screen saying the limit was £25,000 unless they had paid the same payee before – and they'd made several faster payments to the same payee previously.

They said they couldn't be expected to visit a branch or use telephone banking – as that defeats the point of online banking. They also said NW should've made the payment in line with a recent Supreme Court judgment.

Mr R and Mrs R say they should be compensated for lost interest on the new fixed deposit and receive £300 for distress and inconvenience.

NW said payments of up to £100,000 can only be made to established payees that had been paid many times before. This was to protect customers from scams – which can result in people sending multiple payments. NW said Mr R and Mrs R could've visited a branch or used telephone banking to make the payment using CHAPS. NW said the Supreme Court ruling was related to payments sent within the limits set, rather than the payment itself.

Mr R and Mrs R brought their complaint to us and our investigator didn't uphold it. She said:

- NW correctly applied the payment limit in this case – and these are in place as a security measure.
- NW's terms and conditions say limits apply to electronic payments, and these can be found on NW's website.
- NW's website says customers can generally make payments of up to £100,000 per transaction, with an overall daily limit of £100,000, but there are times when the limit is £25,000 per day.
- And the relevant text on the website - was that the limit was £25,000 per day if the payment is to an existing payee who hasn't been paid many times before; or to a new

payee.

- And in the case under consideration here, the payee hadn't been paid many times before – so she said NW acted reasonably.

Mr R and Mrs R didn't accept this and asked that an ombudsman look at their complaint. They said:

- It should be clear and transparent as to what constitutes 'many times before'.
- They referred again to the Supreme Court judgement that 'where the customer has authorised and instructed the bank to make a payment, the bank must carry out the instructions promptly'. They said this is a basic duty of the bank under its contract with the customer. Importantly, there were enough funds in the account to cover the transfer.

### **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.

All banks, including NW, have security measures in place to help protect customers against fraud and scams. It's been well covered in the media about the impact of scams on both banks and customers. And in such scams, normally several payments are made to scammers in quick succession. So – I don't dispute that NW must have certain rules and limits in place.

The crux of this complaint is – were these fairly and reasonably applied in this case?

NW's terms and conditions say there are limits, and these can be seen on NW's website. The terms and conditions say: *"Limits may apply to Electronic payments from your account – we make limits available to you when you ask us to make a payment and they can also be found on our website. We may also set internal limits for security purposes but won't make these available to you."*

And NW's website says: *"you can generally make payments of up to £100,000 per transaction, up to a £100,000 overall daily limit. However, there are times when we limit online payments to £25,000 per day. You can only send up to £25,000 online per day if you:*

- *make a payment to an existing payee who you haven't paid many times before*
- *make a payment to someone you haven't paid before...."*

And in this case, NW said the payee wasn't a firm that had been paid many times before, and therefore limited the daily limit to £25,000.

Mr R and Mrs R say they'd paid the beneficiary many times before so it was a 'verified payee'. I considered this point. And I can see that the beneficiary bank was set up in their internet banking profile by Mr R and Mrs R on 1 July 2023, and there had been only one payment of £1,000 to it - on 1 July 2023.

So – I don't think I can reasonably say this was a known payee that Mr R and Mrs R had paid a number of times before the attempted payment on 3 July 2023. So – I think NW acted reasonably in imposing the daily limit of £25,000.

Mr R and Mrs R say there should be more transparency about what 'many times' means. We asked NW more about this – and they told us this cannot be divulged as it would enable fraudsters to get round their security systems. And under the circumstances I've described – I accept that is a reasonable thing for NW to say.

And also, NW's terms and conditions say they may set internal limits on payments which aren't divulged to customers – in other words, NW's criteria for the rules for allowing payments aren't 'set in stone' and may vary from time to time. I think it's reasonable that NW allow this flexibility to counter the online fraud risks they (and customers) face.

I then considered the communications from NW. Mr R and Mrs R say there was a pop-up message when they attempted the payment. I asked NW for a copy of this, but NW haven't been able to provide it. However, I'm satisfied that it's not likely it would've said something different to what is in NW's terms and conditions and on its website – which I have set out.

Mr R and Mrs R quote the recent Supreme Court judgment – and I've considered this point. But I don't think that means that NW have to make payments of any value in accordance with a customer's instructions – without any regard for the security or protection of customers. So – I set that aside here.

And there were viable alternatives available – as NW have said. Mr R and Mrs R could've phoned NW and made a CHAPS payment; or visited a branch. So, while I accept that they may have found those inconvenient, they were realistic alternatives which I must take into account when considering the impact on Mr R and Mrs R.

I'm sorry that Mr R and Mrs R had a frustrating experience. I appreciate they feel strongly about their complaint. But for the reasons I've explained, I don't uphold this complaint and NW don't have to do anything here.

### **My final decision**

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R and Mrs R to accept or reject my decision before 22 April 2024.

Martin Lord  
**Ombudsman**