DRN-4380131

The complaint

Mr and Mrs A complain about what happened after their fixed rate bond held with Nationwide Building Society reached maturity. It took 49 days for the proceeds to be credited into their bank account. Mr and Mrs A feel this delay was far too long and that it was caused by Nationwide's inflexibility and reluctance to use alternative means of communication and payment.

To put things right, Mr and Mrs A want Nationwide to pay them more redress than Nationwide has so far offered in respect of its admitted delay in actioning their maturity instructions. They also want Nationwide to:

- stop writing letters and sending cheques by ordinary mail
- allow overseas customers internet access
- use emails
- pay by electronic transfer.

What happened

Whilst living overseas, Mr and Mrs A held a Nationwide fixed rate bond with a maturity date of 16 March 2023. The following brief timeline sets out the background to this complaint:

24 January 2023 - Mr and Mrs A sent a letter to Nationwide enclosing their bond certificate and instructing Nationwide to transfer the proceeds on maturity to their bank account held with a third party.

8 February 2023 – Nationwide replied to Mr and Mrs A by post telling them that they had received instructions too soon and it required instructions when the bond had less than 30 days until maturity. Nationwide said it would send a maturity instruction pack in good time and Mr and Mrs A didn't need to do anything further until then. It also said that the bond account could only be closed by cheque payable to Mr and Mrs A or transfer to another Nationwide account. Mr and Mrs A received this letter on 1 March 2023.

24 February 2023 – Nationwide sent a letter to Mr and Mrs A enclosing the maturity instruction pack.

28 March 2023 – Mr and Mrs A received the maturity instruction pack and they completed and returned their instructions to Nationwide via an international express courier service.

Friday 31 March 2023 – the package was delivered to Nationwide.

Monday 3 April 2023 – Nationwide noted it had received Mr and Mrs A's maturity instructions.

21 April 2023 –Nationwide actioned Mr and Mrs A's maturity instructions and sent a cheque for the closing balance in the post to Mr and Mrs A.

2 May 2023 – Mr and Mrs A received Nationwide's cheque at their overseas address and incurred further delivery costs sending the cheque to their UK bank.

4 May 2023 - the bond proceeds were credited into their bank account.

Nationwide didn't agree with all aspects of Mr and Mrs A's complaint but admitted responsibility for the 18 days delay actioning their maturity instructions and so upheld their complaint overall, saying this delay shouldn't have happened. Nationwide offered Mr and Mrs A £25 for distress and inconvenience plus a payment to reflect the interest earned on the bond proceeds between 3 – 21 April.

Mr and Mrs A didn't feel this went far enough to put things right and they brought their complaint to this service.

When our investigator looked into Mr and Mrs A's complaint, she was pleased to see Nationwide had recognised and taken responsibility for having delayed things for Mr and Mrs A. But she also thought that in addition to providing redress for lost interest, Nationwide should pay Mr and Mrs A £75 in total to reflect the inconvenience they were caused.

Nationwide has confirmed it agrees this outcome but as Mr and Mrs A disagree, the complaint comes to me 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.

I've looked at the complaint afresh and having thought about everything I've seen and been told, I've independently reached the same conclusions as our investigator.

We offer an informal dispute resolution service and we focus on deciding whether a financial business has made any error or acted unfairly or unreasonably. We are impartial and we make our decisions based on a balance of probabilities. It's part of my role to identify the core issues I need to address in order to reach a fair outcome.

It seems to me that the crux of Mr and Mrs A's complaint is that they would like Nationwide to do things differently. In particular, they object to what Mr A describes as '*their self-serving policies'* by sticking to a 30 day notice rule for giving instructions, using ordinary mail rather than email and sending cheques in the post instead of paying by electronic transfer.

In coming to my decision, I've taken into account that Mr A had a much better experience when his last Nationwide bond matured. He said that: *'Nationwide's procedures in 2020 were more user friendly than their present unrealistic 30 day rule.'* He told us that Nationwide had emailed him some 67 days prior to the maturity date and told him that he could reinvest or close his account – and if necessary, Nationwide would arrange for the money to be paid to his third party bank account. As an overseas customer reliant on postal arrangements that can be subject to delay, and given that he says his bank is '*about 100 yards'* from Nationwide, I can completely understand Mr and Mrs A's frustration. But this doesn't affect the outcome. What happened in 2020 doesn't mean Nationwide Building Society was obliged to offer an identical process in 2023. And what happened three years previously isn't enough on its own for me to uphold his complaint. The issue for me to decide is whether Nationwide made any error or acted unfairly or unreasonably here.

Thinking first about Nationwide's refusal to accept instructions earlier than 30 days ahead of the bond maturing and when it sent the maturity pack, I haven't seen enough to show that Nationwide made any error. As far as I can see, Nationwide acted in line with the terms and conditions that applied. Instructions had to be received no earlier than 30 days ahead of maturity.

It isn't unreasonable (or particularly unusual) to require instructions close to the maturity date. I can understand why a financial business would want to ensure it was acting on a customer's most up to date instructions. Market conditions and availability of alternative investment products can change at short notice – it's reasonable to think this could affect what a customer decides to do on maturity. Despite what Mr A has said about not having any intention to reinvest and wanting simply to close the account, nonetheless, I think these are factors that might be expected to influence Mr and Mrs A's decision on what to do with the bond proceeds. So I don't find the 30 day requirement is unfair or unreasonable.

Also, I have noted that Mr A's initial maturity instructions involved paying the bond proceeds to a third party bank account. But this wasn't an option for Mr and Mrs A unless they were able to visit a branch in the UK to do this as they couldn't otherwise satisfy the requirements Nationwide had to meet in terms of security checks. As far as I am aware, that wasn't a feasible option for Mr and Mrs A. So I couldn't in any event fairly uphold this complaint on the grounds that Nationwide should have acted on Mr and Mrs A's initial instructions sent in January 2023.

It's agreed that Nationwide sent the maturity pack to Mr and Mrs A almost three weeks prior to the date the bond would mature. This ought reasonably to have been ample time for the form to reach the customer, be completed with the required information and returned to Nationwide, ahead of the maturity date. I don't find that Nationwide can fairly be held responsible for delays in the post.

I appreciate that Mr A feels that it's reasonable to expect a financial business to use available technology . He puts things this way: ' *...They must be the only financial institution where technology has taken a backward step back to the 1980s.*' But Mr A operated his bond account through the post and Nationwide had made him aware before all this that unless he had a UK mobile number, internet banking wasn't going to be an option for him.

I did consider whether it might have been reasonable for Nationwide to have sent the maturity instruction pack by email for Mr and Mrs A to print off at their end – signing electronically wasn't sufficient to authorise their instructions so they would have needed to do this and post the completed forms back as a 'wet signature' was required. But this would have avoided postal delays at least one way. Nationwide has explained however that the pack contains sensitive financial information so it would not send this by email. I think it's fair and reasonable for a financial business to have measures in place to help ensure clients' details are kept secure. So despite Mr and Mrs A's feeling that all this should have been done via email, I don't find that Nationwide acted in a way that wasn't fair and reasonable when it used the post to process maturity instructions.

On balance, based on everything I've seen, I can't conclude that Nationwide has acted unfairly or unreasonably. It is a UK building society and the services it offers are primarily aimed at UK based customers. I am also mindful that the compliance measures it has to have in place to protect both its customers and itself are geared towards UK based customers. That can mean it is reasonable to expect some restrictions for overseas customers who want to access services. As the investigator explained, how businesses choose to operate and the services they offer are matters that come under the oversight of the regulator - the Financial Conduct Authority (FCA). I can't require Nationwide Building Society to make the operational and process changes that Mr A would like to see happen.

For these reasons I won't be responding to Mr A's concerns about the way Nationwide operates and its procedures.

Nationwide has however admitted responsibility for the 18 days delay between receiving Mr and Mrs A's instructions and acting on them. So I don't need to say more about this, except to say that I agree Mr and Mrs A were entitled to expect a better level of service from Nationwide than they experienced. So I am partly upholding Mr and Mrs A's complaint for this reason.

I now need to consider the impact on Mr and Mrs A of Nationwide' service failings on this occasion and the question of fair redress for what happened. There's information on our website that explains our approach to redress and gives some examples.

I don't doubt that Nationwide's poor handling of matters, as described above, caused Mr and Mrs A financial loss and extreme annoyance, anger and stress.

Nationwide has offered to pay an amount that reflects the interest lost on the bond proceeds over the 18 days period it delayed dealing with these, worked out at 8% per year. As Mr A has acknowledged, this is '*extremely generous'.* He questions Nationwide's motives but I think it most likely reflects a sincere attempt on the part of Nationwide to try and provide Mr and Mrs A with a satisfactory complaint outcome and it's a broadly fair way to approach redress here.

The £75 for distress and inconvenience suggested by the investigator and agreed by Nationwide matches the level of award I would make in these circumstances had it not already been proposed. It's in line with the level of award this service would make in similar cases and I consider it fairly reflects the extent and impact on Mr and Mrs A of the poor service Nationwide provided to them on this occasion.

I appreciate this amount of overall compensation falls short of the amount Mr and Mrs A feel is appropriate and it doesn't specifically include the courier costs. But whilst I can understand that they wanted to speed up the process and have peace of mind, it was Mr and Mrs A's choice to use and pay for this service. I can't fairly hold Nationwide responsible for that cost. especially keeping in mind that using ordinary post is still widely considered an acceptable way to do business despite alternative technologies being available (and Mr and Mrs A operate this account via post).

Putting things right

To put things right for Mr and Mrs A, Nationwide should pay Mr and Mrs A:

- £296.87 to reflect interest earned on the bond proceeds between 3-21 April 2023
- £75 compensation.

My final decision

I uphold this complaint and direct Nationwide Building Society to take the steps set out above to put things right for Mr and Mrs A.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs A and Mr A to accept or reject my decision before 20 March 2024.

Susan Webb
Ombudsman