

## **The complaint**

Mr H complains that Nationwide Building Society has discriminated against him as they won't allow him to change his account type.

## **What happened**

Mr H is a Nationwide account holder and the type of his account he holds charges him a monthly fee to use. Mr H moved overseas to a European country, and as such, he can't benefit from some of the features he is paying for on his account such as insurances. As a result of this Mr H applied to change his account type, as he says he was told by Nationwide he could do this, but Nationwide won't allow him to do this as they say they are unable to open any new current accounts or a change of an existing account, to members living outside of the UK. Mr H made a complaint to Nationwide.

Nationwide partially upheld Mr H's complaint, and they paid him £150 compensation. They apologised for giving Mr H incorrect information over the phone on 2 May 2023, by saying they would be able to change his account type. They said they hadn't issued him a new debit card due to the inactivity on his account. Nationwide told Mr H that as he was living outside of the UK he wouldn't be able to benefit from the insurances on his account. They said that as Nationwide is based in the UK, they only accept applications from members living in the UK, and this includes applications to change the account type.

Mr H closed his account, the money was transferred to his Nationwide savings account, and he brought his complaint to our service. Our investigator thought the compensation Nationwide paid Mr H was fair. He said on 10 May 2023, Mr H completed an online application form to switch his account to an account without fees, but this was not accepted.

Our investigator said that Nationwide acted in line with the terms and the conditions on the account regarding inactivity and not sending Mr H a new debit card. Mr H asked for an ombudsman to review his complaint. He said he was unable to use the money in his savings account, he would be able to downgrade the account if he was living in abroad in a non-EEA country, and when he applied online to change his account, he questioned why the application wasn't rejected outright when they knew he had a non-UK address.

## **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.

Firstly, I'm aware that I've only summarised Mr H's complaint points. And I'm not going to respond to every single point made by him. No discourtesy is intended by this. It simply reflects the informal nature of our service as a free alternative to the courts. If there's something I haven't mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point to be able to reach what I think is a fair outcome.

Mr H has mentioned the issues he's facing accessing the funds in his savings account whilst he is living abroad. But here, I'm only able to look into the merits of the original complaint he

made with Nationwide that he brought to our service, so I'm unable to look into any newer complaint points. As our investigator has explained to him, Mr H will be able to set up a nominated UK Bank Account on his savings account via his online banking. Once this is completed, Mr H will then be able to send the balance via a faster payment to his nominated account. If Mr H is unable to do this, then he may wish to contact Nationwide to see if there are any alternative ways he can withdraw funds from his savings. He may also wish to raise a new complaint with Nationwide if he is not satisfied with their response.

I must make it clear to Mr H that it is not within this service's remit to tell a business how they should operate their account criteria, such as how they should allow members accounts to be operated once they move to a non-UK country. It would be the role of the regulator – the Financial Conduct Authority (FCA), who have the power to instruct Nationwide to make changes to their policies and procedures, if necessary.

Mr H has raised discrimination points with how Nationwide has treated him. Nationwide have accepted that they provided Mr H with poor customer service. But Mr H doesn't see it that way. He believes that what Nationwide have done goes beyond poor customer service. He's felt discriminated against.

Mr H has also said that Nationwide haven't taken into account the Equality Act. I've taken the Equality Act 2010 into account when deciding this complaint – given that it's relevant law – but I've ultimately decided this complaint based on what's fair and reasonable. If Mr H wants a decision that Nationwide has breached the Equality Act 2010, then he'd need to go to Court. However, based on what Mr H has said in relation to Nationwide discriminating against him, I am not persuaded that Nationwide has treated Mr H any differently to other customers in similar situations, and I will explain why.

There's no doubt that at times the information Nationwide has given Mr H has either been incorrect or conflicting. It's not in dispute that when Mr H was on the phone to Nationwide on 2 May 2023 that he was told he could switch his account type so he wouldn't have to pay the £13 monthly fee when he couldn't benefit from any of the insurances when he changed his address to his overseas address.

So it would have been very disappointing for Mr H when he applied to change his account online and he completed an application based on the information he was given on the call. As Nationwide didn't reject this application straight away, Mr H was under the impression that his request would be processed, but ultimately it was declined due to Nationwide's policy when Mr H was living overseas, which would have been distressing for Mr H.

I can see that Nationwide's website shows on the account Mr H was trying to switch to that it says that one of the requirements is that you need to be "*a UK resident*". But Nationwide have said that they have identified that the UK resident eligibility warning is not so prominent when a customer attempts to initiate a product switch from within internet banking. They have said they are looking to address this in light of Mr H's complaint.

I do think the eligibility criteria was quite prominent on the product webpages, so Mr H should have reasonably been aware that he wouldn't be eligible to switch, but there was more that Nationwide could have done to make this more prominent on their internet banking pages for a product switch.

I've considered what Mr H has questioned regarding why his application wasn't rejected straightaway when Nationwide knew his address was in a non-UK country. I asked Nationwide about this. They told me that technical constraints mean that in some instances the system block that is applied operates once the application is submitted. And that appears to have happened to Mr H's application here. But all of this stems from the incorrect

information Mr H was originally given on the 2 May 2023 call.

I say this because if Mr H was told of Nationwide's policy originally, then he wouldn't have been inconvenienced to complete an application which was never going to be accepted based on Nationwide's policy, regardless of if there were eligibility criteria warnings or not on their website.

I've then considered what Mr H has said about if he lived in a non-UK/EU/EEA country then he would have been able to switch his account. And I can understand why he's said this. After all, the response Nationwide sent Mr H which appears to be dated 20 June 2023 states *"If you don't live in the UK, EU or EEA, you can still switch your account but you'll need to do this by calling us on (telephone number)"*. So this would give him the impression that if he lived in any other country apart from an EU/EEA country then he would have been able to switch his account.

But this appears to be incorrect. I say this as also on the same letter, Nationwide say *"As Nationwide is a UK based building society, we are unable to offer any new current accounts or a change of an existing account, to members living outside of the UK, However existing accounts can still be used by our members."* So this contradicts the earlier statement as it shows they can't change an existing account for members living outside the UK – it isn't stated that they can't just change an existing account for members living in the EU/EEA.

This is again reiterated in the following paragraph as the letter says *"I've checked the information for Nationwide and members who live abroad and outside the UK, I've checked the information via my manager and the account applications teams, and they confirm that it is correct, that nationwide, are unable to accept applications to change and account type, or new applications, from members living outside the UK."*

For clarity, I asked Nationwide to get some comments from their legal team regarding their policies. Nationwide's Legal and Product team told me *"Nationwide does not allow customers resident overseas to initiate a product switch – that applies to both EEA and non-EEA countries."*

Nationwide's Legal and Product Team also said that *"Nationwide's current policy is not to allow customers with a non-UK address to open new current accounts. That includes switching between products. This is based on an assessment of the legal and regulatory risks involved with operating in foreign jurisdictions. Customers are permitted to operate an existing account and the option to close an account is available at all times."*

So it does appear that regardless of what country Mr H resides in whether it being a EU/EEA country or a non-UK country, he wouldn't be able to switch his account (or open a new one). So I can't conclude that he is being treated differently to someone moving to a non-UK/EU/EEA country, as it appears they would also be unable to switch products with Nationwide also.

Mr H was given the option of keeping his account open. But he would be unable to use most of the benefits he was paying the £13 a month for. So Mr H chose to close his account. The terms and conditions of Mr H's account in force at the time he changed his address show that *"You can use the insurance benefits of the account provided you are resident in the UK and you continue to meet any additional eligibility requirements. Non-UK residents are not able to use the insurance benefits of the account."*

It also says that *"A monthly account charge is payable for us maintaining the account. If you choose not to use a benefit or service provided with the account, or are not eligible for a benefit or service, or a benefit or service is not available to you, you will not be entitled to a*

*refund or reduction of the account charge.*” So I’m satisfied that Nationwide had set out that if Mr H was not eligible to use the insurance benefits of the account, he would not be entitled to a refund or reduction of the account charge. So while I can sympathise with Mr H’s stance on Nationwide’s policy, I can’t say they were unfair here.

I’ve considered what Mr H has said about not getting a new debit card as his account was considered inactive. The terms of the account show that *“If you haven’t used your account for a significant period of time, when your card expires we may not replace it.”* Nationwide have told us that Mr H’s card expired in 2018, and a new one wasn’t issued due to account inactivity. So I can’t say that this is unreasonable if Mr H hadn’t been using his account. The account fee debiting his account would be automatic, and therefore I’m not persuaded that this would count as him using his account.

So I’ve considered what would be a fair outcome for this complaint. I clarified with Nationwide what they have paid to Mr H. They confirmed they have refunded three £13 monthly fees for him and given him £150 compensation. I can see from his statements that he was paid £176 on 5 July 2023, which would be the £150 compensation and two £13 monthly refunds, and on 31 July 2023, they refunded another £13 monthly fee.

I’m persuaded that Nationwide’s compensation is in line with our awards for what happened here. I say this as the wrong information on 2 May 2023 set an expectation for Mr H that he would be able to switch his account to another account with Nationwide without a monthly fee. But this was incorrect. So he was further inconvenienced to complete an application form online, even though the reality is he wouldn’t have been accepted for this. As he wasn’t rejected straightaway on the form, he was under the impression that the account switch would be successful, so he would have been distressed when he found out the account switch wasn’t possible based on Nationwide’s policy.

He was then given incorrect/conflicting information in his responses by Nationwide, which led him to believe he was being treated differently to a member who lived in a non-UK/EU/EEA country, instead of being given clear information from the beginning. So I’m satisfied he was due compensation for the impact of Nationwide’s information. But as this is in line with what I would have awarded Mr H if Nationwide did not uphold his complaint, it follows I don’t require Nationwide to do anything further.

### **My final decision**

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr H to accept or reject my decision before 5 April 2024.

Gregory Sloanes  
**Ombudsman**