

The complaint

Mr A complains Nationwide Building Society allowed a transaction to go through after his account had been closed and is chasing him for payment.

What happened

Mr A had a credit card with Nationwide.

Mr A says Nationwide told him that his credit card account had been closed with a zero balance on 15 October 2021. He says that despite this Nationwide allowed a transaction that he hadn't authorised – one for just over £1,000 – to debit his account. He says that Nationwide did so despite the fact that his limit was £500 by then – so the transaction would have taken him over his limit – and despite the fact that it had closed his account. Mr A complained.

Nationwide looked into Mr A's complaint but didn't uphold it. Mr A was unhappy with Nationwide's response and so complained to us.

One of our investigators looked into Mr A's complaint and said that Nationwide had made an error in that it had told Mr A his account had been closed when, in fact, it had not been. Our investigator recommended that Nationwide pay £150 in compensation because of the impact this had on Mr A. Nationwide accepted this recommendation. However, our investigator didn't think it was unfair of Nationwide to hold Mr A liable for the transaction he'd dispute. So, they didn't uphold the rest of Mr A's complaint. Mr A was very unhappy with our investigator's recommendations and asked for his complaint to be referred to an ombudsman for a decision. His complaint was, as a result, passed to me.

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.

Mr A has told us that the merchant who was paid just over £1,000 was a hire company that he'd used for around a year.

Mr A has also sent us correspondence that he received from Nationwide including a message that appears to have been sent on 3 November 2021. That message said:

"After reviewing your account I can confirm your account was closed with a balance on 15 October 2021 and a restriction was also put in place to stop any further transaction being made to the account."

The message mentions the payment to the merchant that Mr A is now complaining about
logged and says:

"As we are unsure why the transaction to [merchant] was made to your account we have this to be investigated further."

I note that this message says Mr A's account was "closed with a balance" rather than "closed with a zero balance". I've seen another message from Mr A dated 13 October 2021 complaining that Nationwide had "arbitrarily changed [his] credit limit from £4,500 to £500." In this message Mr A asked for his credit card account to be closed. It's Mr A's message dated 13 October 2021 that appears to have prompted Nationwide's message of 3 November 2021 confirming that his account had been closed on 15 October 2021 with a balance. In fact, Nationwide did not close Mr A's account – because it seems there was a balance on it – and as a result it processed the transaction for just over £1,000 – on 28 October 2021 – that Mr A is complaining about.

In response to Mr A's complaint that this transaction was a fraud, Nationwide said that it was unable to log the transaction as far as:

"the payment details were willingly provided to the merchant in question"

And

"you would have been made aware of the transaction by the merchant and this would have been previously agreed to"

Nationwide also said that:

"prior to this transaction, you had had other transactions for the same merchant which had not previously been raised as fraud or a dispute which indicates that the transaction is genuine and has been agreed to"

I don't think these were unfair or unreasonable conclusions for Nationwide to draw given that it could see Mr A had been making regular payments to the same merchant and given his evidence to us that this was a car hire company who he'd been used for around a year. We asked Mr A to send us a copy of the agreement between himself and the hire company which, in a case like this, would be highly relevant. However, he declined to do so saying that he didn't see what that had to do with it.

Mr A has said that Nationwide shouldn't have allowed this transaction to go through for a number of other reasons – on top of his claim that the account had already been closed. First, he says that the transaction would have taken him over his limit. On this point, I don't agree with Mr A. The fact that a transaction takes someone over their credit limit doesn't mean that transaction will automatically be declined. Second, he says his account was closed with a "zero balance". On this point, I also don't agree with Mr A. Nationwide's message of 3 November 2021 didn't say that. It said his account had been closed "with a balance". And a letter Nationwide sent Mr A on 28 October 2021 said that Mr A had not only gone over his limit – of £500 – but also that his current balance was just over £1,000.

Having looked at Mr A's statement I can see that two other transactions debited his account on 15 and 18 October 2021 – one for £55.31 and one for £69.12. In other words, on or after the date Mr A says his account was closed. He hasn't disputed either of those payments and appears to have attempted to pay them off – and clear the balance on his account – when he made a payment of £160.41 on 27 October 2021. I accept that the balance on Mr A's account would have been zero had there been no more activity on his account. But the following day the disputed transaction debited the account.

For the reasons I've given, I don't think that Nationwide acted unfairly when it decided to hold Mr A liable for the transaction he's disputing. It gave him an opportunity to dispute the payment by raising a chargeback but received no response. One of the key documents in any chargeback dispute would almost certainly have been the terms of conditions in light of

Mr A's previous (admitted) dealings with the merchant in question. That was a piece of evidence that our investigator asked Mr A to provide, but he declined to do so as I've already mentioned.

Putting things right

Nationwide has agreed to pay Mr A £150 in compensation our investigator recommended for the inconvenience he was caused as a result of being told his account had been closed. I consider that offer to be generous. So that's the award I'm going to make.

My final decision

My final decision is that I require Nationwide Building Society to pay Mr A £150 in compensation in full and final settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 26 July 2024.

Nicolas Atkinson
Ombudsman