

Dame Meg Hillier MP
Chair of the Treasury Committee

Via email treascom@parliament.uk

29 April 2025

Dear Dame Meg

Thank you for your letter of 8 April regarding the IT systems failure on 28 February.

Nationwide aims to take all possible steps to reduce IT failures and ensure customers are able to access services through all channels. As well as our digital banking services we have the UK's largest single brand branch network and during IT failures customers would have been able to receive in-person support at any of our branches.

The issue on 28 February was specific to Nationwide and was not linked to incidents affecting other providers on the same day. During the incident, customers were able to access internet banking and our mobile app, however some customers experienced delays in making or receiving payments during the morning. Further detail is set out below in response to your questions:

1. Please can you outline the failure that occurred, what caused it and how it affected your customers? In your description, please can you provide a timeline of events, and a description of the failure by channel (i.e. app, web, branch, ATM, cards, etc). Please can you also note when all system failures were rectified?

The IT incident on 28 February was the result of high load and a process within one of our systems that logs transaction data that was running incorrectly. These combined to use the available capacity on our core banking platform, which resulted in the queuing of payment transactions. The incident occurred for just over an hour shortly after 07:00 on 28 February 2025 and then again for less than an hour shortly after 10:00. Service was fully restored and payment queues processed and cleared by 12:03 the same day. While there was a slowdown in throughput and payments processing delay, we estimate that a reasonable proportion of payments will have been processed within 2 hours, and all within the intra-day period, minimising genuine customer harm in line with Faster Payments Scheme, pay.uk, requirements.

Details of the customer impact by channel were as follows:

Channel/Service	Timeline, description, and customer impact.
App / Internet Bank (Digital)	<ul style="list-style-type: none">The Banking App and Internet Bank were available during this incident enabling customers to view account balance, the digital service in highest demand.

Faster Payments	<ul style="list-style-type: none"> All customers were able to initiate a payment from their Nationwide account but, for some, the processing of payments initiated in specific times were delayed. These impacted payments initiated between 07:02 to 08:10 and 10:11 to 11:03. Some customers experienced a delay in receiving payments made to their Nationwide account from other financial services providers between 07:02 to 08:10. While the impact for payments processing were limited to 07:02 - 08:10 and 10:11 - 11:03, the time taken for credits to be received into Nationwide accounts, or payments from Nationwide to external accounts, may have been affected by the sequencing and processing of the backlog of payments queued. Payment queues were processed and cleared by 12:03.
ATM / Cards / Point of Sale	<ul style="list-style-type: none"> VISA were standing in for our Point of Sale (POS) transactions between 09:45 and 13:12. This is an industry process to protect service to enable customers to continue to transact using card. Some customers transactions were declined due to response times, 8% of attempted ATM and POS transactions were declined.
Telephony / Chat	<ul style="list-style-type: none"> Performance declined leading to some customers unable to contact Nationwide due to the increased demand from the incident. Further details in response to 7.

2. Please can you provide an outline of how you intend to prevent such a failure happening again?

Nationwide carries out post incident reviews where incidents have had a material impact on customers to identify the root cause, prevent re-occurrence, improve controls and learn wider lessons.

We have deleted the data collection process on our Core Banking Platform that was the root cause of the IT failure, and an automated monitoring control has been put in place to ensure any similar issue in the future is detected early.

Post incident reviews have been completed. An additional action is being taken to ensure Core Banking Platform capacity modelling is improved and plans are in place to ensure resilience during future peak periods. We have also made improvements in how we respond during an incident.

3. Please can you provide an overview of how your Board responded to the outage?

The Chief Operating Officer and Chief Risk Officer provided an incident update to the Board through their respective reporting in March. This included initial findings from the investigation into the root cause of the incident, immediate actions taken, and the customer impact. The Board requested a follow up report on the detailed root cause of the incident including any further actions required / taken to prevent repetition, and the impact on Nationwide Important Business Services and Board Risk Appetite. The Executive Risk Committee are participating in the incident review, and the Board report is due in May. The Board also routinely considers complaint handling performance and tracks any incident related increases in complaint volumes through to resolution.

4. Please can you provide an estimate of the number of customers affected by this outage (including as a proportion of your total customers), including an estimate of the number of vulnerable customers affected?

Based on the number of active current account customers we have and the timing of this incident, we estimate that 196,255 customers may have experienced payment delays (2.53% of active current account customers).

For the period of this incident we estimate that c9k vulnerable customers may have been impacted. This is based on the approximate proportion of customers that have an identified vulnerability flag and typically use a personal current account for payments or ATM services.

5. Can you explain how Nationwide is managing customer complaints following this incident, including whether you are being proactive in contacting customers who may have suffered, or whether you are entirely relying on complaints being reported to you?

Nationwide received 1,525 complaints because of this incident. As part of our response, complaints are ringfenced within a specialist complaint handling function to ensure impacted customers are prioritised. Further ringfencing is undertaken to support vulnerable customers and for this incident 30 complainants were identified as high-risk and handled as a priority.

In this instance, due to the use of stand in processing for card payments, some customers went into an overdraft position, or payments were processed, that normally would have been prevented by our controls. In these cases, we have proactively refunded payments made by customers under the age of 18 that caused them to become overdrawn, along with vulnerable customer groups for transactions where we have identified transactions that may have otherwise been prevented. Refund payments were made on 27th March, and customers received a supporting SMS text message to advise them of the refund. Nationwide is also ensuring that credit bureau data is not adversely impacted.

6. Please can you provide your estimate of the amount of compensation Nationwide expects to pay out, given the potential costs your customers faced, and your expected timeline on the provision of that compensation?

Nationwide has paid out £84,341 in compensation to customers with all cases now resolved.

7. Please can you provide the Committee with how your customer services response times changed over the period of the failure and in the period directly after, and the resources you have put in place to meet customer queries over the period and in the period directly after?

Following the incident, Nationwide's customer servicing telephony answer rates reduced because of increased demand (+c.18%). The reduced performance was reflected in the average speed of answer, which increased from 30 seconds on 27 February to a peak of 8 minutes on 2 March. The service performance of our Chat channel also reduced with c. 1,000 queuing vs. a typical 2 - 300 on a standard day.

Nationwide put a range of measures in place to increase our ability to support customers and respond to their queries in the period between the start of the incident and when customer service recovered to normal levels. These included:

- Automated messages on phone lines explaining extended wait times, with c7k customers asked to call us back at a later time.
- Prioritising customer service queries over new business sales.

- Removing non-essential colleague time (e.g. team meetings) to enable them to prioritise customer focused work.
- Increasing overtime (c. 800 hours during this period).
- Bringing in additional colleague support from other operational areas.

8. Please can you provide the Committee with an overview of your expected increase in fraudulent transactions over this period, how you have mitigated the risk of such transactions, and how you are helping customers who may have suffered due to fraud over the period?

We do not expect to see a significant increase in fraudulent transaction over this period because of the incident. Customer alerts were still generated with volumes in line with expectation and were worked by our fraud operational teams in line with standard processes and timeframes. It is possible that a small number of payments were released that otherwise would have been suspended during the incident and we will continue to monitor for any fraud impacts and will support customers as necessary.

9. This IT failure occurred towards the very end of the month. Are there key times, within an average month, when systems are more likely to fail?

No. While there are recognised periods within a month and through the year where transaction volumes are heightened, there is no pattern that suggests there are key times when systems are more likely to fail.

Yours sincerely,



Debbie Crosbie
Chief Executive Officer