

The complaint

Mr A complains Nationwide Building Society unfairly blocked his account. He says they caused him unnecessary stress and inconvenience as a result.

What happened

Mr A holds a current account with Nationwide. In December 2020 Nationwide blocked his account following contact by a third-party bank. Mr A says the person whose bank contacted Nationwide had told him they had reported concerns about another matter which didn't concern Mr A or any payments he made to them.

Nationwide asked Mr A to explain the activity on his account. He explained he is part of community group where payments are made into and out of the accounts of members in the group. Nationwide continued to block the account and Mr A provided the same explanation again in January 2021. Nationwide completed their review and unblocked the account on 25 January 2021.

Mr A says Nationwide should have told him about any concerns they had before blocking his account. He says other members in the community group had been contacted by their banks about activity on their accounts, but none of those banks blocked their accounts. He says he encountered difficulties paying for food and presents for his family because of the block over an important holiday period. He also says he should have been kept informed about what actions Nationwide were taking during their investigation.

Nationwide said they could block the account and they didn't need to give him prior notice as this could prejudice their investigation. They offered him £25 for incorrectly saying that he would have received a letter asking him to contact their fraud team in December 2020.

Our investigator decided to uphold the complaint in part. They found:

- Nationwide could block Mr A's account without giving him any warning in line with their legal and regulatory responsibilities. Nationwide also didn't need to tell him their reasons, although they did reveal that their review was prompted by being contacted by a third party about a payment he made.
- Nationwide should complete a review without unnecessary delay. It wasn't clear why Nationwide didn't unblock Mr A's account when he first gave his explanation about the activity on his account. His explanation didn't change, so it appears his account should have been unblocked earlier.
- Nationwide should pay Mr A £200 to make up for the stress and frustration he was caused by not being able to access his account earlier. And, they should pay him 8% simple interest on the balance of his account between 15 December 2020 to 25 January 2021.

Nationwide agreed to the investigator's recommendations. They also said they would still pay the original £25 they offered on top of this. Mr A disagreed with the outcome. He thinks he should receive £2000 in compensation. As result, his complaint has been passed to me to make 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 decided to uphold Mr A's complaint, but I am not directing Nationwide to pay more compensation than what our investigator recommended, and which Nationwide subsequently agreed to pay.

Nationwide have important legal and regulatory obligations they must meet when providing accounts to customers. Those obligations are ongoing and don't only apply to when an account is opened. They can broadly be summarized as a responsibility to protect persons from financial harm, and to prevent and detect financial crime.

Nationwide will monitor accounts for activity which appears unusual or out of place as part of their responsibilities. And, it's common for firms to restrict access to an account to conduct a review on a customer and/or the activity on an account. Considering the report Nationwide received and the activity on Mr A's account, I understand why they carried out a review and blocked the account.

Nationwide do not have to give their full reasons for blocking an account. And this isn't unusual in the industry. But they did reveal they were contacted by another bank about a payment he made to a third party and that it related to fraud concerns. He also wanted to be updated on the actions they were taking during their review, but again they didn't need to tell him this.

Mr A says Nationwide should have told him they were going to block his account before they did. But they didn't need to give him any notice because telling him what they intended to do could have led to him removing the funds from his account, which in turn could have undermined their investigation and future actions they might have needed to take. After all, they could only decide whether to allow Mr A access to the funds in his account once they had completed their investigation.

Mr A knows other people whose banks didn't block their accounts when they were contacted for further information. But this doesn't mean Nationwide couldn't make their own decisions about what they wanted to do when reviewing Mr A's account. The actions of other banks don't lead me to find Nationwide acted unfairly in his circumstances.

Nationwide should carry out an account review without undue delay. After all, the longer a customer doesn't have access to funds, the greater the financial harm they may suffer. In January 2021 Mr A gave Nationwide the same explanation for the activity on his account as he did in December 2020, and no other information was provided in-between. So, I am left to conclude that Nationwide ought to have reviewed what Mr A had said much earlier, which would have led to them unblocking his account earlier.

I find Nationwide caused some loss to Mr A that could have been avoided. But I disagree that he should be compensated £2000. I find this sum excessive and disproportionate when weighed against what Nationwide did wrong and their genuine reasons for wanting to review the account. My role is also not to award compensation to punish Nationwide for doing something wrong. Instead, it's to decide what in my opinion is reasonable to put matters

right.

Nationwide ought to have allowed Mr A access to his account on 15 December 2020. So, I am awarding 8% simple interest per annum on the balance on his account from this date up until 25 January 2021 when his account was unblocked. This is to reflect that he could have used that money during this time to his financial benefit.

Mr A was frustrated and stressed because he couldn't use his account to buy food and presents for his family. I was sorry to hear this. His family may have been affected by him not accessing his account over an important holiday period. But I am not able to compensate him because of the upset they experienced. Under the dispute resolution rules (DISP), which govern part of our service's powers I can only consider losses experienced by the person eligible to complain to our service. Here that person is Mr A because only he was Nationwide's customer.

Mr A received a subsequent letter from Nationwide in January 2021 which asked him to contact their fraud department and which said his account had been frozen. I find it likely that this letter was sent in error being as the account was unblocked the same day the letter was sent. But I also find the letter is similar in content to that which Nationwide originally said he would have received in December 2020. So, I understand why he finds the letter contradicts what Nationwide said in their final response letter to him. And I appreciate his point that had he received a letter telling him his account was blocked in December 2020 he wouldn't have tried to use his card in public.

On balance I find £200 is reasonable to compensate Mr A for the upset and inconvenience he experienced. And, I also find the £25 Nationwide offered him is reasonable to make up for them incorrectly saying they sent a letter to him in December 2020 when they didn't, so they should pay him this too.

Putting things right

I direct Nationwide to pay:

- £225 to Mr H for the total distress and inconvenience he experienced
- 8% simple interest per annum on his account balance between 15 December 2020 and 25 January 2021

My final decision

I have decided to uphold Mr A's complaint. Subject to Mr A accepting my decision I direct Nationwide Building Society to pay him redress according to my instructions above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 1 June 2022.

Liam King
Ombudsman