

The complaint

Mr N complains that Nationwide Building Society blocked a payment and restricted access to his account.

What happened

Mr N had an account with Nationwide. In March 2021, Mr N tried to make a payment for £2,060.00. He says he'd arranged to pay money to a relative overseas – and so a third party would send money to his relative, and he'd then send money from his own account to the third party. The payment was blocked by Nationwide's special investigation department – and at the same time a restriction was placed on Mr N's account.

Nationwide said that to unblock the account, Mr N would need to provide evidence that the relative had received the funds from the third party. Mr N responded with a copy of his own bank statement. Nationwide said it wanted a screenshot of the relative's account showing the payment and who it was from or a similar sort of receipt from them.

Dissatisfied, Mr N complained to Nationwide and referred the complaint to us.

During our investigation, Nationwide confirmed that it removed the restrictions from the account. The original block was imposed on 2 March 2021. The restriction on transactions was lifted on 9 April 2021. But access to online banking remained blocked until November 2021. It appeared that some information that Nationwide received in March hadn't been reviewed until July and so no further action had taken place. Nationwide accepts that much of this could have been avoided and that this led to inconvenience to Mr N – and that it was willing to offer compensation for the poor service.

Our investigator looked at this, and recommended Nationwide pay Mr N £300.

Nationwide agreed. Mr N doesn't agree. He asks whether £300 is the "worth of people's lives and future". He also wanted to know how we arrived at a figure of £300.

Our investigator replied saying she'd taken into account the information Mr N had previously provided, but he hadn't responded to our requests for information about the impact this all had on him. Which is why she thought £300 was fair.

In response, Mr N said that in addition to the blocks on his account, he wasn't able to use his debit card. He also said that further direct debits had gone unpaid than the ones listed in the investigator's assessment.

Our investigator said this didn't change her conclusions – and referred the complaint to me to decide.

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.

Nationwide accepts there were service failings in this case. So I need to consider whether it acted fairly and reasonably in blocking access to Mr N's account – and whether the amount it's now agreed to pay Mr N is fair.

I've first looked at what happened. Mr N tried to make a payment of £2,060 to a third party. He told Nationwide that this was a service to transfer money to a relative overseas. He'd received the account details over an instant messaging service. Nationwide has told Mr N this payment was blocked for security purposes.

I've thought about this. I see that the terms and conditions that applied to Mr N's account allowed Nationwide to refuse to make payments in line with its security controls. The terms and conditions also allowed Nationwide to restrict access to internet banking where necessary to protect either Mr N or Nationwide from fraud. Nationwide was also expected to have processes and procedures in place to monitor transactions to protect both it and its customers from fraud and financial crime.

Looking at the statements for Mr N's accounts, I note that the payment of £2,060 was much larger than the other normal payments from the account, and appears to have been to a payee that Mr N hadn't paid before. In the circumstances, I don't think Nationwide acted unfairly or unreasonably in asking Mr N for information about this payment, or putting restrictions on the account while it waited for this.

Nonetheless, I'd expect Nationwide to carry out its review in a timely manner. Here it seems Mr N provided them with some information in March 2021 that wasn't reviewed until July 2021. In the meantime some of the blocks had been lifted, while others – specifically, access to online banking – hadn't. Nationwide accepts that it could have sorted things out a lot quicker. I agree.

I've therefore considered the impact this has all had on Mr N.

To be clear, where I award compensation for distress and inconvenience, this isn't to punish the business but to reflect the impact its actions had on the customer.

I've thought about what Mr N has said about that. He says that he lost access to his account. He says that around this time his debit card was confiscated by an ATM, so he couldn't use this to make payments either. He also says direct debits were cancelled.

Looking at Mr N's statements, I can see that the restriction on the account caused him to miss direct debits towards his TV license in April, as well as a further direct debit to another business. But after the block was removed, on 9 April, direct debits were paid successfully.

I also see that on the day the block was removed, Mr N's debit card was reported as lost. I see a replacement card was issued on 20 April. The statements show that by May Mr N was making contactless payments again.

Finally, I note Mr N lost access to online banking until November 2021.

Thinking about all of this, I don't doubt this was inconvenient for Mr N. Although I accept it'd take some time for Nationwide to complete its review, Nationwide didn't proactively continue its investigation, which meant all of this went on for longer than was necessary before he got full access to his account.

With all this in mind, I think £300 is a fair resolution to Mr N's complaint.

My final decision

For the reasons above, I uphold Mr N's complaint. Nationwide Building Society should pay Mr N £300 for the trouble and upset it caused. I make no further award.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 24 August 2022.

Rebecca Hardman
Ombudsman