

The complaint

Mrs G complains Nationwide Building Society (“Nationwide”) restricted her account and refused to make payments she wanted.

What happened

In March 2021, Nationwide restricted Mrs G’s account. It stopped her access to online banking and the use of her debit card. Nationwide also asked Mrs G for information about specific transactions made to certain individuals.

Mrs G was only allowed access to her account through Nationwide’s branch network. Mrs G said the transactions all related to a religious outreach organisation, and the money was to help with its publications and good causes.

Around September 2021, Mrs G complained about Nationwide’s actions – the restrictions still remained in place. In its response, and in summary, Nationwide said:

- The restrictions had been applied as its financial crime department had concerns about the account activity. And they’d been applied in line with the terms and conditions of the account
- It had asked for evidence regarding payments to and from Mrs G’s account relating to the religious organisation in July and August 2021. But that information was not received
- It had not made an error in restricting Mrs G’s account

Unhappy with Nationwide’s answer, Mrs G referred her complaint to this service. Mrs G closed her account with Nationwide in October 2021.

One of our Investigator’s looked into the complaint. In summary they found:

- Nationwide’s decision to restrict Mrs G’s account was fair and in line with its legal and regulatory obligations
- Nationwide has shared its reasons for taking the actions it did – which this service can’t share with Mrs G
- Nationwide acted within its rights when blocking payments as part of the account restrictions
- Nationwide didn’t act in a timely manner to get the information it required from Mrs G as part of its investigation. So it should compensate Mrs G for the troubles she faced for having her account restricted for as long as it was
- The trouble Mrs G encountered included having to go exclusively to a branch to conduct her banking. Had Nationwide closed the account sooner, Mrs G could have shopped for a new bank account provider sooner. Mrs G could also have ‘switched’

her account to a new provider much sooner if the restrictions weren't in place

- Because of this, our Investigator recommended Nationwide pay Mrs G £350 for the avoidable inconvenience it caused

Mrs G raised separate queries with our Investigator which do not relate to this complaint. But in relation to this complaint, she says an award of £500 would be more appropriate given what she's been through. Nationwide have not sent a meaningful response.

As Mrs G doesn't agree with what our Investigator said, the complaint has now been passed 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.

Having done that, I've decided to uphold this complaint in part. I'll explain why.

Banks, and building societies, in the UK are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. They are also required to carry out ongoing monitoring of an existing business relationship. That sometimes means they need to restrict, or in some cases go as far as closing, customers' accounts.

These obligations can broadly be summarised as a responsibility to protect persons from financial harm, and to prevent and detect financial crime. So, to comply with its obligations, Nationwide may need to review an account and/or restrict its customers' access to accounts and funds held within them.

Given the obligations Nationwide must comply with, and given the reasons it has provided, I'm satisfied it acted fairly when restricting Mrs G's account. So, whilst I accept Nationwide's actions caused Mrs G trouble and upset, I don't find it treated her unfairly when it declined her payment requests.

Nationwide has already told Mrs G it had concerns about payments both into, and out of her account that related to a religious outreach organisation. And that it needed information about them to help its investigation. Mrs G has asked for a more detailed and clear explanation. But neither Nationwide nor I are under any obligation, which I'm aware of, to do so.

Mrs G says she decided to close the account in October 2021, because amongst other things, going into branch was very challenging and caused her inconvenience. So I now turn to whether I think Nationwide's actions were carried out in a timely manner. The restriction was placed on Mrs G's account in March 2021. It doesn't appear she was asked for information related to Nationwide's investigation until a few months later in July and August 2021. That is much longer than I would expect Nationwide to act.

Nationwide say that when it did ask Mrs G for this information, she didn't provide it. So it maintained the restrictions on the account. It's not clear if Nationwide decided to keep the account open because of any vulnerabilities it felt Mrs G may suffer from. To that end, some of its internal notes suggest it did have concerns about her being vulnerable.

Mrs G says the account restriction on her Nationwide account prevented her from using the banking 'switch' facility which allows for a more convenient way of changing to a new bank account. Nationwide say an account restriction renders this process redundant. Mrs G has

also said she has had to borrow money from friends and family. But Mrs G always had access to her account, albeit by going into a branch. So if she needed funds from her account, she could have received this.

However, I have no doubt that not having access to online banking or her debit card, and having to go into a branch to do any banking, would have caused considerable inconvenience and disruption to Mrs G. What then leads me to find Nationwide should pay Mrs G compensation is that it should have acted much more proactively than it has.

It delayed asking Mrs G for relevant evidence pertaining to its investigation, and when this wasn't forthcoming it kept the account open. Mrs G found it difficult to get another account and couldn't take up the 'switching' facility. This meant she had to continue travelling to a branch for much longer than she should have.

So because of this, I'm persuaded Nationwide should compensate Mrs G for the trouble and upset this caused her. Given the reasons above, I'm satisfied that £350 is fair compensation.

My final decision

For the reasons above, I've decided to uphold this complaint in part. I now direct Nationwide Building Society to pay Mrs G £350 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs G to accept or reject my decision before 24 November 2022.

Ketan Nagla
Ombudsman