

The complaint

Mrs L complains that Nationwide Building Society restricted her account and denied her access to her funds.

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

Mrs L was a longstanding customer of Nationwide. In late 2021 Nationwide restricted Mrs L's access to her account. Mrs L had previously alleged she'd been the victim of an investment scam. And Nationwide was concerned that she was in the process of being a victim of a romance scam. Some of Nationwide's records from the time say that Mrs L told them she was engaged to a man that she'd met through social media but she hadn't met him in person. And that she was trying to send him around \$6,000 for an emergency operation after he'd been shot in a place of conflict whilst protecting another person who was wounded.

Nationwide blocked Mrs L's account and asked for further evidence. They ultimately said that they would only allow Mrs L to operate her account in branch. Mrs L was unhappy with this. She lives outside the UK and says it was totally impracticable for her to visit a branch. She says Nationwide caused her all kinds of problems as she couldn't access her pension (which at the time was being paid into her Nationwide account). The account also contained money she owed to her son, and she was unable to return this to him as she'd promised. She also says Nationwide have refused to send the money to another account in her name and their actions have left her in financial hardship.

Mrs L complained as she says she was told by a Nationwide agent that they would arrange a transfer, but this didn't happen. Nationwide upheld the complaint in part. They said the agent had incorrectly raised Mrs L's expectations and as a result of this they credited her account with £75 compensation. But they still didn't allow Mrs L to fully access her account and so she brought her complaint to our service.

One of our Investigators recommended the complaint should be upheld. Whilst she acknowledged that Nationwide were trying to protect Mrs L, she didn't think they'd treated her fairly. She recommended that they pay £400 compensation. Nationwide accepted this outcome, but Mrs L didn't. She asked for an Ombudsman to review her complaint. Around this time Nationwide also provided Mrs L with notice that they planned to close her account.

In March 2023 I issued a provisional decision in which I said:

"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Having done so, I'm intending to reach the same outcome as our Investigator and for largely the same reasons. But as I'm going into a greater level of detail, I wanted to give both sides a further opportunity to comment before finalising my decision. I know Mrs L feels strongly

about her complaint and that this will likely be disappointing for her, so I'll explain why.

The crux of Mrs L's complaint is that Nationwide unfairly restricted her access to her account. As I've mentioned above, Nationwide have more recently decided to end their relationship with Mrs L. This isn't something I can comment on in this decision. If Mrs L is unhappy with Nationwide providing her notice to close her account, this is something she should raise with them in the first instance. And subject to our jurisdiction rules, it may be something our service can later look into. This isn't intended to be obstructive, but our service can only get involved once a business has had an opportunity to investigate a complaint themselves.

Likewise, Mrs L says she wants our service to make a finding as to whether Nationwide have broken the law by denying her access to her pension. Our service is an informal alternative to the courts. And I can't make a finding as to whether the law has been broken, and I don't need to decide this complaint. So whilst the law is a relevant consideration, we don't look at complaints in the same way a court might. We're able to reach an outcome based on what we believe to be fair and reasonable in all the circumstances.

Generally speaking, Nationwide should process the payments Mrs L instructs them to make without delay. However, banks and building societies also have longstanding obligations to be alert to instances of fraud and scams and to act in their customer's best interests. And, if they have good grounds to suspect that their customer is in the process of being scammed, they can refuse to process a payment to try to protect them.

I can understand why Nationwide had concerns based on the information Mrs L had provided. And I don't think their decision to refuse her payment instruction was unreasonable in these circumstances. I believe the initial decisions Nationwide took, were made in good faith and in an effort to protect Mrs L against losing her money to a potential scam.

However, Nationwide can't indefinitely withhold Mrs L's money from her. And once an impasse was reached, I'd have expected Nationwide to have been more pragmatic and to have allowed certain payments (such as some of the funds from her regular pension payments) to be paid to assist Mrs L to support herself. I also don't think it was reasonable to expect Mrs L to travel internationally to service her account in branch.

Ultimately, if Nationwide couldn't satisfy themselves that the payments Mrs L wanted to instruct weren't as a result of a scam, they had the option, under the account terms, to give notice to close the account (as they have now done) – at which time the funds would have been transferred to another account in Mrs L's name.

As I'm satisfied that, in the circumstances of this complaint, Nationwide didn't treat Mrs L fairly, all that remains to be decided is whether the £400 compensation our Investigator recommended is sufficient? I think it is, and I'll explain why.

Mrs L has said that part of the money that was in her account had been borrowed from her son, and she was unable to repay him. She's described the impact this had on him (including the interest he's lost). I can only consider the impact directly on Mrs L (as the eligible complainant here). I can't make an award for how things have impacted her son. I do however accept that being unable to repay a debt would have caused Mrs L herself some upset, and I've taken that into consideration. Similarly, Mrs L has described how she had to borrow money to be able to get by and fortunately she had people who were able to support her. The loss of interest from those funds wasn't suffered by Mrs L, and so isn't something I can compensate her for. But again, I've considered the impact of having to ask to borrow money on Mrs L herself.

Further to this, but for Nationwide not allowing access to the funds they would have been spent – this is supported by Mrs L's testimony that she borrowed money from friends. So, I'm not persuaded she would have otherwise invested the funds, had she had access to them. Mrs L made alternative arrangements to receive her pension without needing to use her Nationwide account. So, this isn't a case where she couldn't access her pension for the entire time. But obviously, there is the initial period where that was the case, along with the inconvenience of making alternative arrangements which needs to be considered.

Nationwide themselves accept that misleading information was provided by one of their agents during a call. And they've already credited Mrs L's account with £75 in respect of this.

Overall, and taking all the evidence and arguments into consideration, I'm satisfied that the further payment of £400 is fair compensation for the trouble and upset caused by Nationwide's actions. For the avoidance of doubt, this payment is in addition to the £75 compensation already paid. And if the payment of £400 hasn't already been made, Nationwide should pay this into an account in Mrs L's name of her choosing, and not necessarily into her Nationwide account (if it is still open)."

Neither Nationwide nor Mrs L responded to my provisional 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.

As neither party had any further comments or evidence for my consideration, I see no reason to deviate from the outcome explained in my provisional decision.

My final decision

For the reasons outlined above, my final decision is that I uphold this complaint in part.

Unless they have already done so, Nationwide Building Society must pay Mrs L £400.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs L to accept or reject my decision before 18 April 2023.

Richard Annandale
Ombudsman