

The complaint

Mr B complains Nationwide Building Society unfairly blocked his accounts for too long and then closed them with immediate effect. He says he is entitled to know Nationwide's reasons for closing his accounts according to the Payment Accounts Regulations 2015 (PARs 2015). And he wants compensation for the stress and inconvenience he experienced.

What happened

Mr B held various accounts with Nationwide, including a basic current account. In September 2021 Nationwide undertook a review and blocked Mr B's access to his accounts. Mr B contacted Nationwide regularly while his accounts were blocked and asked when his access would be reinstated. But Nationwide said it wasn't able to give a timeframe and in late November 2021 it decided to close all of his accounts with immediate notice.

Mr B raised a complaint. Nationwide offered £50 for not concluding its review when it should have, but it refused to provide its reason(s) for closing his accounts. Dissatisfied with Nationwide's response, Mr B asked our service to consider his complaint.

Our investigator concluded:

- Nationwide could block Mr B's accounts while it carried out a review.
- Nationwide offered £50 for not concluding its review as quickly as it should have. This was a fair offer in the circumstances
- Nationwide could close Mr B's accounts, but it may not have applied the correct terms and conditions when closing his basic account. However, Mr B hadn't provided information on what other accounts he had open before and after he opened the basic account, so it wasn't possible to make a certain finding on this point.
- Mr B says he is entitled to know why his basic account was closed under the PARs. But Nationwide acted correctly by not providing reasons and this was in line with its terms and conditions.
- A basic account is intended for persons who don't normally qualify for a normal current account, so they have access to a banking facility. But in Mr B's circumstances it's evident he had access to current accounts elsewhere.

I note Mr B wanted his final statements for his Nationwide accounts which our investigator provided.

Mr B disagreed with the outcome our investigator reached. In summary he said he'd previously told our service that he had other UK current accounts prior to opening the basic account. He didn't believe having other UK current accounts disqualified him from a basic account with Nationwide and neither did the PARs disqualify him. He wanted to know the reason for his basic account being closed in line with provisions in the PARs. He asked for a final decision from an ombudsman, so his complaint was 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.

I've decided Nationwide do not need to do anything more than pay Mr B the £50 it originally offered, unless the offer has already been paid to Mr B. I'll explain why.

Nationwide has important legal and regulatory obligations it must meet when providing accounts to customers. Those obligations are ongoing and don't only apply when an account is opened.

To comply with its responsibilities Nationwide will monitor accounts and carry out specific or occasional checks. It's common industry practice for firms to restrict access to an account to conduct a review on a customer and/or the activity on an account, which is what Nationwide did here.

Nationwide isn't obliged to reveal the reason(s) for reviewing Mr B's accounts. But I have considered the basis of its review, which I find was legitimate and in line with its legal and regulatory obligations. I'm further satisfied its basis for withholding funds in the accounts was understandable until it completed its review.

Nationwide has the commercial discretion to close accounts, but here Mr B held a basic account, which is subject to the PARs 2015. But the PARs form only part of a much broader regulatory landscape which firms like Nationwide need to consider when making decisions in relation to accounts, so I have not considered them in isolation.

Mr B said he had other UK current accounts open prior to opening the basic account with Nationwide, which his account activity bears out. He failed to confirm whether he opened other UK current accounts after his basic account opened. He also said Nationwide ought to have let him know if he was eligible for other accounts at the time of application.

But on reviewing the application record Nationwide holds for Mr B's basic account it doesn't look like he revealed he had other UK current accounts at that time. Instead, Nationwide's record indicates Mr B said this was to be his only UK current account at that time of application, which appears to have been inaccurate. So, I don't find it was incumbent on Nationwide to check whether Mr B would qualify for other accounts it offers.

On balance when considering Nationwide's wider legal and regulatory responsibilities and all the information available to me, I find Nationwide had a legitimate basis to close Mr B's account immediately and to not tell him why. So, I am not going to direct Nationwide to reveal its reason(s) now by virtue of Mr B bringing this complaint.

Nationwide must also carry out and conclude a review reasonably and without undue delay. Nationwide admits it should have completed its review earlier than it did. I agree with its conclusion and find £50 is sufficient compensation for Mr B not having use of his funds earlier, and for the inconvenience and frustration he experienced. I say this because the transactional activity on his accounts before they were blocked indicates he had use of at least another UK current account, and that he held funds elsewhere – I see the balance on his basic account was minimal at the time it was blocked.

I understand Mr B's understandable frustration at not being able to use his Nationwide accounts as he wished and needing to rearrange payments at short notice, but I don't find awarding further compensation would be proportionate in the circumstances of his complaint.

Putting things right

Subject to Mr B accepting my final decision, I direct Nationwide Building Society to pay him

the £50 compensation they offered, unless this offer has already been paid.

My final decision

I have decided to award Mr B compensation according to my direction above. Nationwide Building Society should pay him £50 subject to him accepting my final decision unless this has already been paid.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 26 April 2023.

Liam King
Ombudsman