

The complaint

Mr K and Mrs K complain that Nationwide Building Society blocked their account without notice, which led to charges from missed payments. The account was later closed. They'd like to be compensated for the charges and inconvenience.

What happened

Mr K and Mrs K held a joint business account with Nationwide. In October 2020 Nationwide placed the account under review, and blocked access to the account while they did so. They asked for further information about the transactions on the account, in particular about deposits being made into the account. Mr K says he provided information in branch, but Nationwide say they don't have a record of this. The account remained blocked.

In January 2021 Mr K and Mrs K raised a complaint. Nationwide responded to say that the terms of the account allow them to restrict transactions while they carry out a review. They felt the blocks were applied correctly.

In February 2021 Nationwide wrote to Mr K and Mrs K to say they would no longer be offering banking facilities to them, and that the money in the accounts was available to collect from branch. Mr K went to collect the money in June 2021, but found Nationwide were only willing to pay him a single cheque covering all the balances held by him – including sole accounts, as well as the joint business account. Mr K explained he needed separate cheques for accounting purposes, but Nationwide wouldn't budge.

Unhappy with this Mr K and Mrs K referred the complaint to our service. Our investigator got Nationwide to agree to send a cheque for the joint business account separately. But they felt the reason for the blocks was reasonable, so they wouldn't ask Nationwide to compensate for any losses resulting in the block. They couldn't see Nationwide had caused any delays. They also found that the account was closed in line with the terms.

Mr K and Mrs K didn't agree, saying they had received rude and unprofessional customer service. They accepted Nationwide closed the accounts as per the terms and conditions. But they said because separate cheques for the various accounts hadn't been issued, they had been deprived of their money for two years. As a result of this they had been unable to run their business efficiently, and it caused a great deal of stress.

As no agreement could be reached, the complaint was passed to me to decide. After reviewing the file, I was minded to uphold the complaint in part. I issued my provisional decision that said:

It's right to say that Nationwide have certain legal and regulatory obligations to meet as part of their role in providing accounts to their consumers. These obligations mean that on occasion they need to review accounts and ask for further information from the consumer to understand how the account is being used. This is what happened with Mr K and Mrs K's account, so I don't see this as unreasonable in itself. It's also not unreasonable for them to restrict the use of the account while they do so. This is in line with their obligations.

In this case the review began in late October 2020, but it wasn't until early February 2021 that the review was completed. This is much longer than I'd expect these types of review to take. Nationwide haven't been able to adequately explain why this took such a long time. But I also accept they were waiting for information from Mr K and Mrs K to review.

I've considered what Mr K has said about providing information in branch in November 2020, although Nationwide don't have a record of this. It's unclear what information Mr K was trying to provide at the time, so I can't say that this likely would have changed Nationwide's decision. And I've not seen anything to suggest Mr K provided any of the information asked for about the funds in the account after this.

But Nationwide could have been clearer around what was happening, and how their review was progressing. There clearly weren't good lines of communication between both parties, so I can see why Mr K and Mrs K would be frustrated by this.

Reviewing the account statements, I can't see that there were regular outgoing payments from this account – most were carried out by cheque.

Mr K and Mrs K have accepted that once the review was complete Nationwide were acting within their terms in closing the account. Having reviewed the terms around when they can close accounts with no notice, and also considered the wider circumstances of the complaint, I'm satisfied that this is the case.

The funds were made available to withdraw in February 2021, but it isn't until June 2021 that Mr K attends branch to withdraw them. He was originally offered a cheque for the balances across all his accounts – but he asked for cheques in the names of the different capacities he held accounts. I don't find this to be an unreasonable request, and I can see why it would be disappointing that Nationwide didn't honour this relatively straightforward request. I'm glad to see Nationwide have now offered to send the funds as a joint cheque.

That being said, I've seen nothing to suggest that it would have been impossible, or too complex, for Mr K to take this cheque and cash it elsewhere. So, I don't agree that Nationwide withheld the funds from Mr K and Mrs K, and I think there is more Mr K and Mrs K could have done to mitigate their circumstances.

Overall, I'm satisfied Nationwide were reasonable to block and then close Mr K and Mrs K's account. But I can see their communication on what was needed from Mr K and Mrs K and the status of the investigation wasn't to the standard I'd expect to see. I haven't seen anything that I'd consider rude or unprofessional, but I see why Mr K and Mrs K would feel frustrated and upset by the service they'd received and the length of time between the block and the releasing of the funds, and it's reasonable for Nationwide to pay some compensation to reflect the impact of this. Having considered this, I find £100 would be an appropriate amount for them to pay

Nationwide accepted this as an outcome. Mr K and Mrs K disagreed saying that Nationwide had caused the delay by not agreeing to issue separate cheques to begin with, and it was their right to withdraw money as they require. They reiterated they had handed in all the relevant documentation to branch, and they were not updated during the investigation. They said they had not attended branch until June 2021 because they were vulnerable members of society, so it was not feasible to do so earlier. They commented they were disappointed by the level of compensation, and suggested this be discarded and they would pursue this through court.

Having reviewed the responses to my provisional decision it now falls on me to issue my 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.

Having done so, I remain satisfied with the conclusions drawn in my provisional decision. I've considered the additional points raised by Mr K and Mrs K, but will only make reference to those I feel are necessary to reach a fair outcome on this complaint.

Mr K held accounts with Nationwide in various capacities – so to be clear this decision solely concerns the account held jointly with Mrs K.

There doesn't seem to be any dispute that Nationwide were entitled to carry out a review of Mr K and Mrs K's account – and during this review they were entitled to ask Mr K and Mrs K for more information about how the account was being run.

I considered what Mr K and Mrs K have said about giving the required documents to branch – but ultimately, I don't have enough evidence to support this. Mr K has commented that CCTV should be checked. But considering the length of time that has passed I think it unlikely any CCTV will be available for review. And in any case if CCTV could be found of Mr K or Mrs K in branch it would be unlikely to demonstrate what documents may have been handed in, and whether these would have likely changed Nationwide's decision to close their account. I remain satisfied that Nationwide closed the account in line with their terms.

I agree with Mr K and Mrs K's points that the review took much longer than is reasonable, and they were not properly updated during this process. I also agree that the request for the cheques to be issued in the capacity the accounts were held was reasonable, and it's disappointing that Nationwide didn't agree to this originally.

But I'm not persuaded this means Mr K and Mrs K had no access to the funds in the account – Nationwide were willing to allow Mr K to withdraw the available balance and there's no indication to me that there would have been a dispute between Mr K and Mrs K over ownership of these funds. I haven't seen anything to show that it would have been impossible or onerous on Mr K and Mrs K to accept a cheque in a sole name and apportion the funds afterwards. So, I think there could have been more they could have done to mitigate the circumstances.

Likewise, I appreciate Mr K and Mrs K were potentially vulnerable individuals in the context of the pandemic – and I can understand the reluctance to attend branch. But I've also seen nothing to suggest alternative arrangements were sought before June 2021. I remain satisfied that the funds have been available to Mr K and Mrs K since February 2021.

But there have been failings by Nationwide that I've identified – around the length of time the review took, and the communication during this period. It's right that compensation is offered. I've taken on board that Mr K and Mrs K wish to pursue this through other means, but my role here is to decide what a fair and reasonable outcome would be. So, I'm still minded that as part of my decision Nationwide should pay Mr K and Mrs K £100 to reflect the distress caused.

My final decision

My final decision is that Nationwide Building Society must:

- Issue a cheque in joint names for the balance of the joint account

- Pay Mr K and Mrs K £100 compensation

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs K and Mr K to accept or reject my decision before 17 May 2023.

Thom Bennett
Ombudsman