

The complaint

Mr K complains that Nationwide Building Society blocked his accounts without notice. The accounts were later closed. He'd like to be compensated for the inconvenience.

What happened

Mr K held a number of accounts with Nationwide, including a current account and savings accounts.

In October 2020 Nationwide placed his accounts under review, and blocked access to the account while they did so. They asked for further information about how he was using his accounts, and the source of his funds. Mr K says he provided information in branch, but Nationwide say they don't have a record of this. His accounts remained blocked.

In January 2021 Mr K complained to Nationwide. 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 to say they would not be providing him with banking services anymore, 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 his sole accounts, as well as joint accounts he held with other parties. Mr K explained he needed separate cheques for accounting purposes, but Nationwide wouldn't budge.

Mr K referred his complaint to our service. Our investigator got Nationwide to agree to send a cheque for the sole accounts 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 disagreed, saying they had received rude and unprofessional customer service. He accepted Nationwide closed the accounts as per the terms and conditions. But he said because separate cheques for the various accounts hadn't been issued, he had been deprived of his money for two years, which he'd found incredibly stressful.

As no agreement could be reached, the complaint was passed to me to decide. After reviewing the file I was minded the complaint should be upheld in part. I issued my provisional decision which 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's accounts, 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.

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 longer than I'd expect this 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 to review.

I've considered what Mr K has said about providing information in branch in November, 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. I can see why Mr K would be frustrated by the lack of communication. Reviewing the account statements, I can see there were several regular direct debits that Mr K would have had to rearrange. I've no doubt that would be inconvenient for him, but as I've explained I think the initial decision to block the account was reasonable, so he'd always have to make alternative arrangements for these payments.

Mr K has accepted that once the review was complete Nationwide were acting within their terms in closing the account. I've reviewed the terms around when they can close accounts with no notice and considered the wider circumstances of the complaint. I'm satisfied that in these circumstances the immediate account closure to be reasonable.

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 – I appreciate this was during the pandemic, but it also doesn't suggest to me Mr K urgently needed these funds.

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 accept this was a reasonable request. But I also consider that at this point Mr K did have his funds available to him to take. I appreciate his reasons for declining the cheque, but I don't see he's been denied access to these funds.

Overall, I'm satisfied Nationwide were reasonable to block the account and request further information. When they didn't receive it it's reasonable for them to close Mr K's account. But I can see their communication on what was needed from him 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 would be confused and upset by the service he'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 £75 would be a reasonable amount to pay.

Nationwide accepted the provisional decision. Mr K disagreed saying that Nationwide had caused the delay by not agreeing to issue separate cheques for the various capacities he held accounts with them to begin with, and it was his right to withdraw money as they require. He said he had handed in all the relevant documentation to branch, and he wasn't not updated during the investigation. He said they had not attended branch until June 2021 because he was a vulnerable member of society, so it was not feasible to do so earlier because of the pandemic. He commented they were disappointed by the level of compensation and suggested this be discarded and he would pursue this through court.

After reviewing the additional points raised by Mr K it now falls on me to issue my financial 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 concerns the accounts held in his sole name.

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

I considered what Mr K has said about giving the required documents to branch – but ultimately, I don't have enough evidence to support this. Mr K has asked 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 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 his account. I remain satisfied that Nationwide closed the account in line with their terms.

I agree with Mr K's points that the review took much longer than is reasonable, and he wasn't 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 satisfied that their offer to do so now is fair.

I'm not persuaded this means Mr K had no access to the funds in the account – Nationwide were willing to allow Mr K to withdraw his funds – albeit also including funds he held jointly with others. I haven't seen anything to show that it would have been impossible or onerous on Mr K to accept a cheque in his sole name and apportion the funds afterwards. He could have done more to mitigate his circumstances.

Likewise, I appreciate Mr K was a potentially vulnerable individual 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 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 wishes 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 £75 to reflect the distress caused.

My final decision

My final decision is that Nationwide Building Society must

- Issue a cheque in Mr K's name for the funds he held in his sole name
- Pay him £75 compensation

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or

reject my decision before 17 May 2023.

Thom Bennett
Ombudsman