

The complaint

Mrs B complains Nationwide Building Society unfairly blocked her account, she was made to feel like she was a criminal, and she was put to unnecessary inconvenience. She says this made her underlying health conditions worse and she wants compensation.

What happened

I summarised the background behind why Mrs B brought her complaint to our service in my provisional decision. But for the purposes of issuing this final decision I now repeat that background here.

- Mrs B holds multiple accounts with Nationwide. Large sums credited and also passed through some of her accounts. This prompted Nationwide to block all her accounts on 28 September 2021 to carry out a review.
- Mrs B says the credits represented investments which had crystalized. She told Nationwide on a call on 16 November 2021 that she was gathering all her funds as she was planning to move abroad at some point. On the same call she said her son, who represents her on this complaint, was acting for her on the accounts due to her poor health. Nationwide released the blocks on her accounts shortly after the call.
- Prior to the call, Nationwide were concerned Mrs B could be falling victim to financial abuse due to the activity in question. They wanted to know the source of funds behind the activity and Mrs B provided evidence on several occasions during the early part of October 2021.
- On a call on 14 October 2021, Mrs B was asked to attend branch. She says the person she spoke to was rude and accused her of fraud and that going to branch represented significant inconvenience due to her health. She says that when she went to branch the matter wasn't resolved and she was told to ring customer services.

I issued a provisional decision in which I upheld Mrs B's complaint in part. My findings were:

"I've currently decided to uphold Mrs B's complaint. But I'm not inclined to direct Nationwide to pay more compensation than they have offered. I find their offer is fair and reasonable in the circumstances of the complaint. I'll explain why.

Account providers like Nationwide have a wide variety of legal and regulatory obligations to meet when providing accounts. Those obligations include protecting their customers from harm, such as the risk of being defrauded or exploited by others. They also include trying to prevent and detect crime. To these ends banks will monitor accounts and carry out reviews, which might mean they ask for information to identify the source of payments and/or to ensure their customer isn't falling victim to fraud or undue influence.

Mrs B says the account activity in question was legitimate. She had given permission for her son to help her on her accounts due to her health. But the activity on her accounts was notable, and Nationwide were entitled to spot and ask questions about the activity and ask for information to satisfy themselves about what was happening. Also, Nationwide hadn't given Mrs B's son mandate over the accounts, which can be a relevant concern, and it was his phone number attached to the account.

Mrs B says she was aware of all the activity her son was carrying out, but unfortunately family members accessing accounts can represent a common circumstance that allows financial abuse to happen. So, Nationwide were acting reasonably to be alive to this possibility. If they didn't take reasonable action and Mrs B was being financially abused, they could be held liable for losses on the account by not taking steps to protect her.

Mrs B may have found Nationwide's actions challenging, but their legal and regulatory responsibilities were overriding, despite her poor health. So, I'm satisfied the block on her accounts was a reasonable action for them to take. The block mitigated against potential harm that could have otherwise resulted if the accounts weren't blocked during the review.

Mrs B referenced a phone call where she says she was accused of fraud and shouted at. I've listened to the phone call where she was asked to go to branch. But I don't find she was accused of fraud or shouted at. She was told that they weren't able to discuss things further over the phone and she should go into branch, which she agreed to do. Considering the available evidence and Nationwide's concerns, I understand why they wanted her to attend branch. Meeting in person would have been a good way to understand and assess her circumstances from a risk perspective.

Mrs B's attendance at branch however wasn't productive. She had expressly asked whether an appointment was needed, and she was told it wasn't. But when she presented at branch, she says she was simply told to ring customer services. Nationwide haven't been able to show any beneficial conversation took place, when it appears one should have. So, I agree this ended up being a wasted trip, which caused her inconvenience.

Nationwide should carry out reviews efficiently. After all, the longer a customer doesn't have access to their funds, the more inconvenience, distress, and loss they can experience. Nationwide have failed to show they couldn't have completed their review earlier. Considering the timeline of Nationwide's review and the actions they took; I find they should have made their decision to unblock Mrs B's accounts by 16 October 2021.

Mrs B thinks she submitted everything Nationwide needed earlier than this, but I'm satisfied Nationwide's review wasn't solely contingent on when Mrs B provided evidence. Nationwide isn't obliged to reveal everything about their review to Mrs B, and I don't require them to do so now. But I've considered what they were doing, and I'm satisfied awarding 8% simple interest on the balances Nationwide held from 16 October 2021 to 16 November 2021 fairly compensates her for the cost of not having use of the funds when she should have.

Mrs B wants an exact figure that represents the 8% simple interest. But I find providing the basis for Nationwide to calculate the interest is sufficient, and it doesn't allow them the discretion to reach a figure that doesn't represent 8% simple interest. Our service often uses 8% simple interest as a broad-brush basis to account for the cost of being deprived of funds, and I find this established methodology is reasonable in the circumstances of this complaint.

To be clear, it's the formula Nationwide need to carry out which I consider to be fair, rather than whatever sum results from the calculation and whether Mrs B deems this as sufficient. If Mrs B thinks the sum Nationwide pays her doesn't represent 8% simple interest per annum, she can raise this further with them.

I'm not directing Nationwide to pay compensation for the time her complaint was with our service. I don't find it would be reasonable in the circumstances to hold Nationwide responsible for this. Instead, I'm holding them responsible for the delay they caused by not releasing her funds sooner.

I've considered all the evidence Mrs B presented and I thank her for revealing what are understandably sensitive matters for my consideration. It's clear she has been through a very difficult time, and I was sorry to read what had happened. But I'm satisfied Nationwide's offer of £275 is fair compensation for the distress and inconvenience caused by the delay in releasing her funds and the wasted trip to branch.

I have borne in mind that Nationwide were entitled to block her accounts, request her to go to branch (despite the trip not being fruitful) and ask for evidence to assure them about the activity on her account – so Mrs B would have always experienced a significant shock and considerable worry by not having access to her funds, which would still (based on what she has said) have impacted her health. I don't find a larger award would be proportionate with this in mind."

Nationwide responded to my provisional decision and repeated their willingness to pay Mrs B £275 and 8% simple interest per annum.

Mrs B responded and was unhappy with my provisional outcome. She emphasised she was accused of being a fraudster, and she believes this related to her race. She also re-emphasised how Nationwide's actions severely affected her health at a very vulnerable time.

As both parties have now responded to my provisional decision, I have gone on to make 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.

I've decided to uphold Mrs B's complaint in part for the same reasons I gave in my provisional decision. I have copied my provisional findings above, and they now form my findings for this final decision. I'll now focus on addressing the points Mrs B raised.

I've listened carefully to what Mrs B said in reply to my provisional decision. But I'm still satisfied Nationwide had valid concerns about the activity on her account and blocking her account to carry out a review was reasonable in view of their legal and regulatory responsibilities.

I was again sorry to hear how Mrs B says her health was impacted, and what a horrible year it was for her, but I don't find Nationwide's decision to block her account was unfair, even if this impacted her health.

Mrs B believes Nationwide's actions were based on her race. I've no reason to doubt this is her genuine belief. But based on all the evidence I've considered; Nationwide's actions were

not based on her race. Instead, their reason for blocking her accounts was triggered by the number of large payments into and out of her account, and this was a valid trigger to investigate further. I've seen no evidence to indicate they would have treated someone else in the same circumstances as Mrs B more favourably who didn't share her protected characteristic.

Mrs B insists she was accused of being a fraudster. When she brought the complaint she referenced being treated like a criminal on a call she made on 14 October 2021, when she was asked to go to branch. This was stated in her complaint form, which she completed only a few months after the alleged incident. On this call she wasn't shouted out or called a fraudster. I appreciate she now can't remember on which call the accusation was made, so I have relied on what she said when her testimony was more contemporaneous to the time in question. In light of this, I have not found it necessary to ask for every call she had with Nationwide, as the evidence I've available shows what their concerns were, and I also don't disbelieve that she felt accused of fraud.

It's not uncommon for customers to believe they are being accused of fraud when their accounts have been blocked and they are being asked to prove where their funds derive. In Mrs B's circumstances, Nationwide has explained that they were concerned that she could be falling victim to financial abuse – and for the reasons I gave previously, this was a valid concern.

But it's important to note that financial abuse can mean a wide variety of things, including someone either wittingly or unwittingly being influenced to carry out activity that could be fraudulent. So, even if Nationwide had initially considered the activity on Mrs B's accounts through the lens of whether she might be involved in something she shouldn't be, I don't find this would have been unreasonable.

What I find unreasonable would have been for Nationwide to have ignored prominent activity on Mrs B's account because of how long she had been a customer, and for them not to have taken pre-emptive action to stop further activity taking place until their concerns were allayed. So, I'm not compensating Mrs B because she feels she was being accused of fraud.

I still find Nationwide ought to have completed their review sooner for the reasons I gave in my provisional decision, and I still find they made her complete a trip to branch which turned out to be a wasted opportunity.

Putting things right

Subject to Mrs B accepting my final decision I require Nationwide Building Society to:

- Pay Mrs B £275 for the distress and inconvenience they caused by not releasing her funds sooner and for not having a beneficial conversation with her when she attended branch, which meant her trip was wasted.
- Pay 8% simple interest per annum on the balances they held in her accounts from 16 October 2021 up to and including 16 November 2021. If Nationwide considers that they're required by HM Revenue & Customs to deduct income tax from that interest, they should tell Mrs B how much they've taken off. They should also give Mrs B a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

My final decision

My decision is I uphold Mrs B's complaint. Nationwide must pay her compensation according to my instruction above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 21 August 2023.

Liam King
Ombudsman