

The complaint

Mr M complains that Nationwide Building Society unfairly blocked his account and denied him access to the funds in his account.

What happened

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

Mr M was a long standing customer of Nationwide. In May 2022, Nationwide restricted Mr M's access to his account. Nationwide were concerned about a number of transactions taking place on Mr M's account and believed that he was the victim of a romance scam.

Nationwide wrote to Mr M to let him know it had blocked his account and asked him to provide them with information about the activity on his account. Some of Nationwide's records from the time say that Mr M told them that he was receiving money from various members of his girlfriend's family and that he was then sending the money onto her. He said that he had never met his girlfriend but had known her for around three years and spoke to her daily. He also said that he didn't know the people sending him money that he passed on to his girlfriend. And that a number of payments were from different countries.

Mr M said he hadn't done anything wrong and didn't think there was anything untoward in what he was doing. He said Nationwide's actions were discriminatory because his girlfriend was from Ghana. He said not being able to access his account had meant he wasn't able to buy supplies he needed for work, so he lost out on wages.

Nationwide asked Mr M to provide them with more information about his girlfriend, including her name, the purpose of the payments, paperwork to show the origin of the funds and identification for his girlfriend. Mr M refused to provide the information. So Nationwide continued to block Mr M's account.

Mr M complained. Nationwide said it hadn't done anything wrong when it had blocked Mr M's account and asked him for information. It explained that it was concerned for Mr M and trying to protect him. And as he still hadn't provided them the information it needed it still wouldn't allow him access to his account. However, it acknowledged that it hadn't done things as quickly as it should have after Mr M had submitted some information. Nationwide said it should have updated Mr M by 2 August 2022, and it hadn't done so. Nationwide also acknowledged that it hadn't progressed its review until March 2023 and offered Mr M £75 compensation due to the length of time it had taken.

In April 2023, Nationwide decided to close Mr M's account and wrote to him giving him two months' notice. In the letter Nationwide set out that Mr M could access his account balance by visiting a branch.

Mr M brought his complaint to our service. One of our investigators reviewed the complaint. Whilst he acknowledged that Nationwide were trying to protect Mr M, when it had blocked

his account, he didn't think Nationwide had treated Mr M fairly in keeping his account blocked for so long. And should have closed the account sooner. He recommended that Nationwide pay Mr M a further £325 compensation (in addition to the £75 already offered). He also said that Nationwide should pay interest for loss of use of the funds in Mr M's account from 2 August 2022.

Mr M disagreed. He maintained that Nationwide's had no right to block his account and its actions were racially motivated. He said that the amount of compensation isn't enough, and he wants Nationwide punished for how it has treated him. He said Nationwide have stolen his money and that he is out of pocket.

Nationwide accepted the investigator's recommendations and suggested that interest should be paid up until 16 March 2023, as it said this is the date it was prepared to release Mr M's funds to him.

As no agreement could be reached the matter has come 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.

Firstly, I want to address Mr M's comments about Nationwide committing theft. Mr M has said that Nationwide has stolen his money in denying him access to his account – in other words broken the law. 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 in order 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.

Likewise, Mr M wants our service to make a finding as to whether Nationwide has discriminated against him on the grounds that his girlfriend is from Ghana. While I can appreciate this is his perspective, it is not the role of the Financial Ombudsman Service to decide whether the business has acted unlawfully or not – that's a matter for the Courts. I'm required to consider a number of factors in order to decide Mr M's complaint in accordance with what I think is fair and reasonable in all the circumstances of this complaint. Part of this has meant considering the provisions of the Equality Act 2010. And after looking at all the evidence, I've not seen anything to suggest that Nationwide decided to block and close Mr M's account for an improper reason.

The crux of Mr M's complaint is that Nationwide unfairly restricted his access to his account. Nationwide have legal and regulatory obligations to be alert to instances of fraud and scams. And to act in their customer's best interests. If they have good grounds to suspect that one of their customer's is in the process of being scammed or unwittingly allowing their accounts to be used for financial crime, they can refuse to process payments and restrict an account to protect them. The terms and conditions of the account also permit them to do so.

I've looked at all the evidence Nationwide has provided and what Mr M has said about how he was using his account. I've also kept in mind that Mr M refused to provide Nationwide the information it requested and didn't accept that he was a victim of a scam or fraud. Having looked at everything, I can understand why Nationwide had concerns based on the information Mr M did provide and the activity on his account. And I don't think the decision to restrict Mr M's account was unreasonable in these circumstances. I believe the decisions Nationwide took, were made in good faith and in an effort to protect Mr M against losing his

money to a potential scam or using his account for an illegal purpose. So I don't think it was wrong of Nationwide to block Mr M's account.

Ultimately, given Mr M's reluctance to engage with Nationwide's request for information, they had the option, under the account terms, to give Mr M notice to close the account (as they have now done) – at which point the funds would have been transferred to another account in Mr M's name. Nationwide wrote to Mr M on 3 April 2023, giving him two months' notice that he needed to make alternative banking arrangements and that he could have access to his balance. Nationwide has said that it should have completed its review of Mr M's account by 2 August 2022. With this in mind and from looking at the timeline of events, I think the decision to close Mr M's account should have been taken much sooner than it was. So, in the circumstances of this complaint, I'm satisfied that Nationwide didn't treat Mr M fairly, as they continued to restrict Mr M's access to his account for longer than necessary.

Mr M has said that as a result of his account being restricted, he has lost out on work because he wasn't able to buy supplies for jobs he's been asked to do. But Mr M hasn't provided any evidence that he lost out on income. So, it wouldn't be appropriate for me to award compensation for something that there is no evidence of. I've also kept in mind that Mr M was able to access his wages and any benefits he received into his account by going along to a branch. So, he did have access to some of the money in his account. I also understand that at the time Mr M had access another account with a different bank.

I do, however, accept that being unable to access his account for so long would have caused Mr M inconvenience and upset. Nationwide themselves has also accepted it took too long to complete its enquiries and close Mr M's account. They have already offered Mr M £75 compensation in respect of this. Nationwide has also accepted the investigator's recommendations and suggested that the cut-off date for paying interest for loss of use of funds as 16 March 2023, which it says it when it was prepared to release Mr M's funds.

I've considered Nationwide's suggestion, but I am not inclined to agree that this is an acceptable date up to which interest should be paid. I say this because I can see that Nationwide were still having discussions with Mr M up to at least 30 March 2023 about how he was using his account. So, I'm not satisfied that it would have been in a position to release the money before it sent Mr M a notice to close letter on 3 April 2023.

Overall, and taking all the evidence and arguments into consideration, I'm satisfied that the further payment of £325 compensation recommended by the investigator is fair 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 offered by Nationwide. And if Nationwide hasn't already paid this it should pay this together with the £325 into an account of Mr M's choice, bringing the total amount of compensation to £400. In addition, Nationwide should pay Mr M 8% simple interest on his account balance for loss of use of his funds. This should be paid from 2 August 2022 until 3 April 2023, which is the date Nationwide decided to close Mr M's account.

In reaching this conclusion I should explain that our awards are designed to reflect the actual loss, trouble, and upset caused to the consumer by something a financial business did wrong. We are not here to punish financial businesses. Nor can we award compensation as a means of punishing a business for a consumer bringing their complaint to this service.

In summary, based on all the evidence and circumstances of his complaint, I'm satisfied that Nationwide hasn't treated Mr M fairly and it should put things right as set out below.

My final decision

For the reasons I've explained I uphold this complaint and direct Nationwide Building Society to put things right by doing the following:

- Pay Mr M £400 compensation for the trouble and upset caused by this matter
- Pay Mr M 8% simple interest on the sum of Mr M's account from 2 August 2022 until 3 April 2023.

HM Revenue & Customs requires Nationwide Building Society to withhold income tax from the above-mentioned interest. Nationwide Building Society should give Mr M a certificate showing how much is taken off if Mr M asks for one.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 4 December 2023.

Sharon Kerrison
Ombudsman