

The complaint

Mrs M complains Nationwide Building Society ('Nationwide') delayed returning her money after blocking her account.

What happened

In February 2022 Mrs M received two transfers into her account for about £6,000 and £1,000. Mrs M has said the money was from her relative overseas who wanted to send it to another person in Canada. But the relative herself was not the person who transferred the money to Mrs M – the people who transferred the £7,000 to Mrs M had agreed to give her the money in GBP for her to send to Canada, on the basis they'd be reimbursed in the overseas country where Mrs M's relative was located.

On the day she received the £7,000 Mrs M transferred about £300 to her savings account and set up a transfer to an account in Canada for about £5,500.

When Mrs M tried to move money out to facilitate the transfer to Canada, Nationwide blocked the move. And it began an investigation.

Nationwide told Mrs M it needed evidence she was entitled to the £7,000 she'd received via the two incoming two transactions.

Mrs M told Nationwide she'd called on the day before the transactions and Nationwide had said they'd be fine. Nationwide said it couldn't see any record of that and it ordinarily wouldn't say that because there were many factors which could trigger an alert that needed to be investigated.

In March 2022 one of the people who'd transferred money to Mrs M sent evidence to Nationwide. And Nationwide decided it would allow Mrs M to access her account.

Nationwide unblocked the account on 17 March 2022. But because it still wanted evidence in relation to one of the two incoming transactions it removed from her account about £3,000 which it said was the amount remaining in her account from the transfer of £6,000.

On 22 March 2022 Mrs M transferred £1,000 out of her Nationwide account and transferred £1,000 to an account in Canadian dollars.

On 7 April 2022 the other person who'd transferred money to Mrs M sent evidence to Nationwide.

Also on 7 April 2022 Mrs M transferred £6,800 out of her account to an external account in her name. She told this service the money was her own savings which she moved to a different account because she'd lost trust in Nationwide.

On 8 April 2022 Nationwide told Mrs M it had received evidence in relation to both of the incoming transactions of February 2022, but the evidence was insufficient – it needed to see more. It said it wouldn't release the £3,000 it had removed from her account until it had the further evidence it asked for.

In June 2022 Nationwide asked Mrs M for the evidence it had requested. Mrs M said it was difficult to get more evidence from the person who's sent the funds.

In October 2022 Mrs M contacted Nationwide and it decided the evidence it had received in April 2022 was sufficient.

On 31 October 2022 Nationwide returned to Mrs M's account the amount of about £3,000 which had been removed when it unblocked the account in March 2022.

Mrs M then transferred about £3,000 to an external account in her name. On 1 November 2022 she transferred about £3,000 to an account in US dollars.

Mrs M complained to Nationwide about how it had handled things. Nationwide said it had legal and regulatory obligations to review an account when it had concerns. And its terms and conditions set out how it would do that. But in this case, it had acted inconsistently when doing its review. In particular Nationwide said it had told Mrs M that evidence she'd provided was insufficient, and then some months later it had accepted the same evidence as sufficient. For the distress and inconvenience caused by that it paid Mrs M £250.

Mrs M referred her complaint to this service. Amongst other things, Mrs M told us the following:

- Nationwide said the reason it removed only £3,000 from her account when it unblocked the account in March 2022 was Mrs M didn't have the full amount of £6,000 in her account. But Mrs M had more than the full amount in her account at the time. Mrs M didn't want Nationwide to take more than it did, but she thought this showed Nationwide was incompetent.
- Nationwide took too long to return her money when the evidence it'd received in April 2022 had been sufficient. The delay had caused Mrs M broken down relationships and sleepless nights.
- She'd paid her relative back with her own money because the relative had accused her of stealing the money that Nationwide had removed.
- The £7,000 Mrs M had received in February 2022 was intended for a person in Canada and would've been transferred in US dollars. While Nationwide withheld funds from her account the exchange rate from GBP to US dollars had worsened. So to pay back her relative Mrs M now had to pay more than she'd received.
- In February 2022 the exchange rate had been £1.15 per US dollar. And after Nationwide returned the money it was £1.09 per US dollar.
- Mrs M had paid the following amounts to her relative:
 - In August 2022 she transferred £840 at a rate of GBP1=USD1.19
 - In September 2022 she transferred £460 at a rate of GBP1=USD1.04
 - In November 2022 she transferred about £3,000 at a rate of GBP1=USD1.13
- To make the various transfers she did into Canadian and US dollars Mrs M used three different international money transfer services.
- Mrs M was receiving insulting messages from her relative about paying out the

remainder of the money she'd received. But Mrs M didn't feel obligated to do it because her relative thought Mrs M had used the money herself when she hadn't, despite evidence showing the money had been withheld by Nationwide.

- At some point Mrs M's relative asked Mrs M to send the money to the relative, instead of to the Canadian account she said it was originally intended for.

One of our investigators looked into Mrs M's complaint. She said Nationwide was entitled to review Mrs M's account and withhold funds. But it took too long to resolve its investigation and return the funds. So in addition to paying £250 for distress and inconvenience, the investigator said Nationwide should pay 8% simple interest on the money it had withheld. The investigator said Nationwide shouldn't be required to compensate Mrs M for changes to the exchange rate.

Nationwide accepted the investigator's recommendation. Mrs M didn't accept it. She said the impact on her warranted greater compensation. She said Nationwide had bullied, ignored and disregarded her. And prior to the transactions it had told her there would be no problem. She said her image and character had been damaged because of Nationwide's shortcomings.

Because no agreement could be reached, the complaint was passed to me to review afresh and make a 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've found that the Nationwide could've resolved its concerns on Mrs M's account sooner. But the recommendation by our investigator was sufficient to put things right for Mrs M.

The purpose of this decision is to set out my findings on what's fair and reasonable, and explain my reasons for reaching those findings, not to offer a point-by-point response to every submission made by the parties to the complaint. And so, while I've considered all the submissions by both parties, I've focussed here on the points I believe to be key to my decision on what's fair and reasonable in the circumstances.

I first want to set out that our rules allow this service to receive evidence in confidence. We may treat evidence from banks as confidential for a number of reasons – for example, if it contains security information, or commercially sensitive information. Some of the information Nationwide has provided for our investigation of Mrs M's complaint is information we consider should be kept confidential. This means there's some detail I won't share with Mrs M. But I'd like to reassure her I've considered everything

It wasn't wrong for Nationwide to block Mrs M's account on the basis that it needed evidence she was entitled to funds. Nationwide had important legal and regulatory obligations to protect against fraud and other harms. And the terms and conditions of Mrs M's account – which she had to agree to in order to open the account – made clear that her account could at times be blocked while Nationwide carried out its obligations.

The information I've accepted in confidence from Nationwide is of a nature that shows it wasn't unreasonable for Nationwide to ask for further information after receiving evidence about both incoming transactions in March and April 2022. But Nationwide later decided the evidence was sufficient. And in the meantime it took little action to bring the situation to a

resolution. So I accept that Nationwide fell short here. And I agree Mrs M should be compensated for the distress and inconvenience she suffered as a result of that. And because Nationwide could have resolved things sooner, it's fair for Nationwide to pay Mrs M interest on the amount it removed from her account and later returned.

Nationwide has accepted this position. But Mrs M has said she should receive greater compensation, including payment for money she's lost because of changing exchange rates.

Although Mrs M has said she asked Nationwide in advance if the transactions would go through I haven't seen any evidence of that. Nationwide couldn't find any record of it. Nationwide was obligated to investigate if it had any concerns. There are many factors that can trigger a security alert. So it's not reasonable to expect Nationwide to suspend its checks on the basis of having been notified of transactions in advance. And nor is it reasonable to expect Nationwide to say in advance whether a potential transaction will flag any security concerns. Without any evidence to show what happened on this point, I can't conclude on balance that Nationwide made an error in its communication with Mrs M.

I also haven't seen any evidence that Nationwide bullied Mrs M and Mrs M provided no elaboration on this point. Mrs M said Nationwide ignored and disregarded her. To the extent this relates to taking too long to resolve things, I've agreed with this and taken it into account when considering redress. I haven't seen anything to suggest Nationwide otherwise ignored or disregarded Mrs M.

Mrs M said the fact Nationwide didn't remove from her account the full amount of the £6,000 transfer showed incompetence by Nationwide. But given the methods used by banks to track funds, I'm not persuaded this indicates any failings by Nationwide. And in any case, Nationwide has already said it should've released Mrs M's funds sooner. So even if Nationwide mistakenly withheld less money than it should've, that wouldn't change the outcome of Mrs M's complaint. And Mrs M's not saying she wanted Nationwide to withhold more than it did.

Mrs M has also said she should be compensated for changes in the exchange rate which she said left her out of pocket after Nationwide delayed returning her money. I don't agree with this for a number of reasons.

Firstly if Mrs M were compensated for the fluctuation in the exchange rate in addition to receiving 8% simple interest on the funds she was deprived of for a period of time, then she'd be put into a position that was better than the one she'd have been in if Nationwide hadn't caused any delay. If I found Mrs M would've transferred out the money in April 2022 had Nationwide released it then, and I awarded compensation for the worsening of the exchange rate over the time Nationwide held the funds, then it would be unfair for Nationwide to also pay interest on the money that Nationwide withheld. That's because Mrs M couldn't have earned interest on the money – or otherwise used it – if she'd already transferred it out in April 2022.

In the circumstances of this case I don't consider it fair to compensate Mrs M for fluctuations in exchange rates even if she wasn't also awarded interest on the funds that were withheld. I'll explain why.

Mrs M's explanation to this service for the transactions that concerned Nationwide indicates to me that she agreed to act as a go-between whose role was to transfer money she received to an individual in Canada. If that was the case I'd expect Mrs M to transfer the amounts she received, irrespective of what the exchange rate was at the time of the transfer. I don't see that Mrs M had an obligation to pay a fixed amount in a foreign currency if the amount she'd been given in GBP was valued at less than that.

Having said that, it's not in any case clear to me what exactly Mrs M would've done if Nationwide had released the funds sooner. The screenshots of chat messages with various third parties that Mrs M provided to this service don't show the purpose of the transfers, or who the money was for, or what exactly Mrs M's role in the transactions was meant to be. I've seen no satisfactory explanation for why Mrs M transferred the amounts she did on the dates she did.

The transactions Mrs M made weren't aligned with the amounts available to her or the explanation she gave about the purpose of the transactions. After receiving nearly £7,000 in February 2022, Mrs M, on the same day, attempted to transfer nearly £6,000 to a Canadian account (in Canadian dollars). The transaction and her account were blocked. But after her account was unblocked, Mrs M sent only £1,000 to Canada. At this point Nationwide was withholding about £3,000. So Mrs M could've sent more than £1,000 of the £7,000 she'd received. Despite being asked about this, Mrs M hasn't explained why she transferred only £1,000 at this point.

Mrs M then transferred £840 and £460 in August and September 2022, and about £3,000 in November after Nationwide released the funds it had been holding. In total (taking into account the £1,000 she'd already transferred) Mrs M had now transferred out a little more than £5,000 of nearly £7,000 she'd received in February 2022.

Given this course of events, I'm not confident I can say what Mrs M would've done had Nationwide not withheld about £3,000 for so long.

It's also not clear when or why Mrs M's relative asked her to transfer money to her (the relative) instead of to the Canadian account for which the money had been intended. And it's not clear why the relative who was overseas in a different country wanted the money in US dollars. Mrs M mentioned relationships having broken down as the reason for this change. Having considered all of this I again can't say with any confidence whether things would've been different (and in what way) if Nationwide had released the funds in April instead of October 2022.

Our investigator asked Mrs M to explain the transfers she received and made. But I'm sorry to say Mrs M's explanations weren't sufficiently clear or convincing for me to know what she would most likely have done if the funds were available to her sooner. Without knowing that, I can't say what impact any exchange rates have had on her. So I can't make a finding that Nationwide has caused her any particular loss due to changing exchange rates.

In the absence of convincing information about what Mrs M would've done with the money Nationwide withheld, the award of 8% simple interest compensates her for the fact she had money in her account which Nationwide held onto for too long and which she was therefore unable to use for a period of time – irrespective of how she might have wanted to use it.

I can't say Nationwide is to blame for Mrs M's relative accusing her of stealing money. Nationwide communicated clearly to Mrs M that it had withheld some of the funds, and it told her why. Nationwide can't be responsible for third parties treating Mrs M poorly because they choose to believe she's misappropriated their funds.

So, in relation to the £250 Nationwide paid for distress and inconvenience, I'm satisfied the amount was fair. I think Mrs M was put to some trouble by having to follow up with Nationwide. And it's understandable she would've felt worried and she would've been frustrated when Nationwide took contradictory positions on the evidence it had been given. But having considered everything, including that Mrs M appears neither to have passed on nor returned the full amount of the funds that were available to her, I don't consider

compensation of more than £250 is warranted for the distress and inconvenience she suffered.

Putting things right

Nationwide has already paid Mrs M £250 for distress and inconvenience it caused her. So I'm not making an order in respect of that compensation, but I've taken into account that it's been paid.

Nationwide has also agreed to pay interest on the amount it delayed returning to Mrs M. But because that amount hasn't yet been paid, I'm making an order here for it to be paid.

To put things right for Mrs M, Nationwide Building Society must pay Mrs M 8% simple interest on the balance of the funds it withheld for the period from 7 April 2022 to 31 October 2022.

If Nationwide Building Society considers it's required by HM Revenue & Customs to deduct tax from that interest, it should tell Mrs M how much it's taken off. It should also give Mrs M a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

My final decision

For the reasons I've set out above, my final decision is that I'm upholding this complaint.

Nationwide Building Society must calculate and pay the amount set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 28 October 2024.

Lucinda Puls
Ombudsman