

The complaint

Ms H complains that Nationwide Building Society repeatedly blocked her account and tried to force her to come into the bank to produce identification (id), despite her disability and having already produced it.

What happened

Ms H opened her account with Nationwide in late 2019. She attended her local branch with id and explained to Nationwide her disability and needs.

In September 2020 her account was blocked following receipt of a large sum of money into the account. I understand that she was asked to produce her id in person again due to an error in Nationwide not recognising on its system the resolution of the previous block. She had several phone calls with Nationwide in the course of which she explained her situation and was allowed to confirm her id by email.

Ms H's account was blocked again by Nationwide in July 2021 following further transactions amounting to more than \$1,000 (or the equivalent in GBP) in seven days. This time she was trying to buy petrol and she says she and her disabled son were caused a great deal of distress.

Her account was blocked on a third occasion in February 2022 when she was about to visit a medical professional who she needed to pay. Nationwide confirmed that the issue was finally fixed in March 2022 so it would not reoccur. Ms H has now switched her account to another provider.

Nationwide paid Ms H a total of £275 in recognition of the distress and inconvenience caused.

Ms H complained in part of discrimination in that Nationwide blocked her account when she was on benefits and it repeatedly asked her to attend her branch in person when it knew she was disabled.

On referral to the Financial Ombudsman Service our Investigator said that she didn't believe Nationwide's checks could be avoided due to its regulatory requirements. However, she said it could've done more to help Ms H as a vulnerable consumer. But she said that the compensation paid was in line with our approach.

Ms H disagreed, pointing out that:

- Each time Nationwide didn't communicate with her at the time it blocked her account, instead she had to find out when she tried to use her card.
- She always had sufficient id at her local branch. Nationwide refused to communicate with her branch and refused to allow her to communicate with her branch directly to provide the required information.

- She spent hours in distress on calls before Nationwide finally remedied the issue by contacting the branch and finding its own system was at fault.
- It didn't explain why it blocked the account until its final response letter.

I issued a provisional decision. In it I said that, although I accepted our Investigator's findings, I thought that Nationwide should increase the compensation paid to £400.

Both parties accepted my provisional findings.

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.

My provisional findings are set out below, in italics:

"Firstly I will be considering in this decision the three times Ms H's account was blocked. If she had further problems with Nationwide when she tried to switch accounts away from it she will need to take that up with Nationwide as a new complaint.

Ms H has complained that Nationwide has failed to make reasonable adjustments for her. In other words, has failed in its duty to make reasonable adjustments under the relevant legislation. Whilst I have considered that, my decision concerning Ms H's complaint is based on what I think is fair and reasonable. Only a court could make a finding as to whether any business breached its duty under the relevant act.

Ms H is a vulnerable consumer due to some health issues and she also has a disability. She says she told Nationwide shortly after opening her account, when she was required to attend the branch to produce her id documents. In particular she would have difficulty in attending her branch in person. I have taken that into account and with regard in particular to the Guidance for firms on the fair treatment of vulnerable customers published by the FCA (Financial Conduct Authority), which applied at the time.

Nationwide is permitted under its terms and conditions to block the account, particularly where it is concerned about security. I understand the reason why it did this in September 2020 was because of a large deposit into the account. Nationwide required id and the commencement date of Ms H's then current address, and her nationality, to comply with the Wire Transfer (now Funds Transfer) Regulations (FTR). Nationwide did resolve the block by phone and email, though not without causing Ms H some anxiety. I think she was aware why it had applied the block, in particular she says she asked it to upgrade her account so the block wasn't triggered in the event of her transferring in a large sum of money. However, as I shall set out below, she shouldn't have had to ask for this to happen.

I do think that Ms H had every right to expect that the problem had been resolved. So when the second block was applied I can understand her anxiety, especially as there was a large payment into her account but this consisted mostly of benefits. And as Nationwide said in its final response letter, although the block was applied because it didn't have sufficient id, this was its error which was supposed to have been resolved. This was all the more upsetting as she was attempting to pay for petrol at the time and it could have been much worse if a neighbour hadn't fortunately been there to help her. Nationwide paid her £125 compensation, I shall set out below what I think is the appropriate award.

Again the problem should have been resolved but Ms H's account was then blocked for the third time. I understand this took a while to be resolved and given that it was a repeated

error, Nationwide paid her £150 for the distress and inconvenience caused. I shall set out below the overall amount I think Nationwide should pay to reflect the distress and inconvenience caused to Ms H.

The Guidance I have referred to says that firms must understand the needs of vulnerable customers. In Ms H's particular case because of her disability she would have had difficulty attending a branch in person. Nationwide has admitted after the first block its system should have been updated to register the fact that she had produced the appropriate id. So, the fact that a block was applied on two further occasions caused Mrs H particular difficulties. She was left at the petrol station having no means to pay on the second occasion, and on the third occasion when the account was blocked she couldn't pay a medical professional. She has told our investigator that she struggled without access to her account and had to rely on food banks.

As I've said, I'm not in a position to make specific findings on discrimination. However, if the blocks were triggered by Nationwide's requirements under the FTR, clearly as regards vulnerable customers these were inappropriate. Whether Nationwide needs to look at its systems or whether this was just human error, clearly Ms H's needs weren't adequately taken into consideration. And I've noted that under its terms and conditions it will usually advise the customer of the block. I appreciate in certain circumstances this might not be possible. Although I don't think that applied in this case .

I have taken into account the distress and inconvenience caused to Ms H, and her response to the Investigator's view. I have also considered her position as a vulnerable customer and the additional distress and inconvenience caused to her because of this. Our Investigator was under the impression that Nationwide had paid Ms H £325, although from the papers I think this was £275. I think that the overall compensation that Nationwide should pay to Ms H should be £400."

As both parties have accepted my provisional findings, I remain persuaded by them. Those findings are now final and form part of this final decision.

Putting things right

Nationwide should pay Ms H a total of £400 compensation. It has already paid £275 so should pay a further £125.

My final decision

I uphold the complaint and require Nationwide Building Society to provide the remedy set out under "Putting things right" above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms H to accept or reject my decision before 19 October 2023.

Ray Lawley
Ombudsman