

The complaint

Mr H complains that Nationwide Building Society blocked and closed his bank account.

What happened

Mr H had an account with Nationwide.

In October 2022, Nationwide reviewed Mr H's account. Whilst it completed the review Nationwide blocked Mr H's account, which meant he wasn't able to use the account or his bank card. Following this Nationwide decided to close Mr H's account immediately.

Mr H was unhappy about this. He had another account he could use but said at the time he was away from home, and not being able to use his account had been upsetting and inconvenient.

Mr H complained to Nationwide. In response Nationwide said it had closed Mr H's account in line with the terms and conditions. But it accepted they hadn't told Mr H about the block and review of his account quickly enough. It explained that it would normally send out an email to customers. But it hadn't let Mr H know until four days after it had blocked his account. Nationwide apologised and offered Mr H £25 compensation. Mr H didn't accept Nationwide's offer and brought his complaint to our service where one of our adjudicator's looked into it.

The adjudicator looked at all the information and said that Nationwide's service fell short by not letting Mr H know about the block and review of his account. But he said Nationwide's offer was fair. Mr H disagreed. Mr H said that he'd banked with Nationwide for many years and feels as though he has been treated like a second class citizen. So, he wants Nationwide to pay him more compensation.

As no agreement could be reached the matter was passed to an ombudsman to review.

In September 2023, an ombudsman issued a provisional decision. In summary he said that:

- Based on the information he had he wasn't satisfied that Nationwide treated Mr H fairly when it closed his account immediately
- He thought Mr H had been caused some real stress and upset because of the matter and said that Nationwide should pay Mr H £200 compensation

Mr H didn't respond. Nationwide did and provided more information about why it had closed Mr H's account. It said it had written to Mr H on 26 October 2022, to let him know it had closed his account. It also offered £100 compensation to recognise the trouble and upset its poor communication had caused Mr H.

One of our investigator's got in touch with Mr H to let him know what Nationwide had said. Mr H said he didn't accept Nationwide's offer and said he'd never been offered any compensation.

As both parties are aware a provisional decision was previously issued by one of my ombudsman colleagues. However, the case has now been passed to me to decide. And having reviewed all of the evidence I came to a different conclusion, to my colleague. I set this out in my provisional decision, in which I said the following

I would add too that our rules allow us 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 is information that we considered should be kept confidential. But I want to assure Mr H that I have considered everything that he and Nationwide have submitted as part of this complaint.

Nationwide have important legal and regulatory obligations they must meet when providing accounts to customers. They can broadly be summarised as a responsibility to protect persons from financial harm, and to prevent and detect financial crime. It's common industry practice for firms to restrict access to an account to conduct a review on a customer and/or the activity on an account. The terms of the account also permit Nationwide to block an account. This means Nationwide is entitled to block and review an account at any time.

I've no doubt that not having a functioning bank account made things quite difficult for Mr H. He's said he was away from home at the time so, I can understand why he found not being able to access his account stressful and upsetting. But as I've explained, banks have a legal obligation to comply with various laws and regulations. Having looked at all the evidence, I'm satisfied that Nationwide was complying with its obligations when it blocked Mr H's account. So, whilst I accept this caused Mr H inconvenience, I can't say Nationwide treated him unfairly when it blocked his account. I've also kept in mind that Mr H had access to another account, which I think would've minimised the impact of the block.

Whilst I'm satisfied that Nationwide were entitled to block and review Mr H's account. I'm not satisfied that they treated him fairly during the review process. I say this because Nationwide didn't make Mr H aware that his account was under review and that he couldn't use it until four days after it had blocked the account. Nationwide has explained that it usually lets its customers know when it reviews accounts, and it has accepted it didn't let Mr H know quickly enough. It has apologised and now offered Mr H £100 compensation for any trouble and upset this caused him. Mr H says this isn't enough.

There isn't a set formula that we use to calculate awards for particular mistakes or poor service. It's my role to consider what impact Nationwide's actions have had on Mr H and decide, within guidelines set by our service, whether compensation would be appropriate in the circumstances.

Based on the evidence I've seen I think it's fair to say Nationwide's service fell short when it reviewed and blocked Mr H's account. The bank didn't communicate quickly with Mr H, so he was left in the dark about what was happening with his account. I can appreciate this would've been frustrating and upsetting for Mr H. And I agree some compensation is appropriate for this. Nationwide has offered to pay Mr H £100 compensation. Mr H says this isn't enough. But having looked at all the circumstances of this complaint, I haven't found grounds to increase the level of compensation. I'm satisfied that £100 compensation is a fair amount of compensation and proportionate to the trouble and upset Mr H was caused by Nationwide not telling him that his account was being reviewed as soon as it should have done. So, I won't be directing Nationwide to pay any more to resolve this aspect of Mr H's complaint.

I then turn to the bank's decision to close Mr H's account. It's generally for banks to decide whether or not they want to provide, or to continue to provide, banking facilities to any

particular customer. Unless there's a very good reason to do so, this service won't usually say that a bank must keep customer or require it to compensate a customer who has had their account closed.

At times, following a review, banks sometimes choose to end their relationship with customers. This can be due to a number of reasons and a bank isn't obliged to give a reason to the customer. Just the same as if Mr H decided to stop banking with Nationwide, he wouldn't have to explain why. Nationwide have relied on the terms and conditions when closing Mr H's account. The terms explain that the bank can close the account immediately and by providing two months' notice. In this case Nationwide closed Mr H's account without notice. Based on the evidence available to me, in my view that was reasonable. So, it was entitled to close the account as it has already done. And I'm satisfied that it did so in line with the account terms and relevant regulations. So, I'm not persuaded Nationwide treated Mr H unfairly when they closed his account immediately.

After I issued my provisional decision both parties were invited to provide further evidence or submissions. Nationwide said it didn't have anything further to add. Mr H didn't respond.

Now both sides have had an opportunity to comment I can go ahead and issue 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.

As neither party has provided anything new for me to consider, I see no reason to depart from my provisional findings. I remain of the view that this complaint should be partly upheld for the reasons set out in my provisional decision, which are repeated above and form part of this decision.

My final decision

For the reasons I've explained, my final decision is that I partly uphold this complaint. To put things right Nationwide Building Society should:

- Pay Mr H £100 compensation for the trouble and upset this matter has caused him

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

Sharon Kerrison
Ombudsman