

## **The complaint**

Mr L complains that Nationwide Building Society unfairly blocked and closed his account without providing a proper explanation. He is also unhappy that Nationwide won't allow him access to money paid into his account. He says this has caused him financial problems and worry.

## **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 L had a personal current account with Nationwide.

In January 2023, Nationwide reviewed Mr L's account. Whilst it completed its review Nationwide restricted Mr L's account and asked him to provide information relating to the source of funds that had been paid into it.

Mr L said that the money in his account had come from other bank accounts he held and from work he'd done. Between January and April 2023 Mr L gave Nationwide copies of bank statements, invoices, and letters from customers that he said demonstrated his entitlement to the money in his account.

Nationwide reviewed the information and said it wasn't sufficient to show Mr L was entitled to the money in his account. Mr L provided more information, but Nationwide were still not happy with the paperwork he provided. So, it continued to hold onto Mr L's funds. Following this, Nationwide decided to close Mr L's account and wrote to him giving him two months' notice that he'd need to make alternative banking arrangements. However, it continued to hold Mr L's funds. But said Mr L could access any wages or benefits by going to a branch with ID and paperwork to show he was entitled to those funds.

Mr L complained to Nationwide. He said not being able to access the money in his account was making things very difficult for him and crippling his business. In response, Nationwide said it hadn't done anything wrong and had acted in line with its legal and regulatory obligations and the terms of the account.

Mr L provided further information, but Nationwide maintained that this wasn't enough to show Mr L was entitled to the money that had been paid into his account. In late 2023, Nationwide completed its review and released the funds back to Mr L.

Unhappy with this response Mr L brought his complaint to our service. He said Nationwide had closed his account unfairly. He said that he could explain all the activity on his account to Nationwide and had provided all the paperwork requested, on more than one occasion. So, he didn't understand why Nationwide took as long as it did to release the money in his account back to him. He said he felt bullied and victimised by Nationwide's actions.

One of our investigators looked at all the information and circumstances of Mr L's complaint. He didn't think Nationwide had treated Mr L unfairly when it had reviewed and closed his

account. After looking at all the circumstances and evidence, he also said that Nationwide hadn't done anything wrong when it had asked Mr L for information and withheld his funds. So, he didn't uphold the complaint.

Nationwide agreed with the investigator's view. Mr L didn't. He wants Nationwide to provide a proper explanation for why it closed his account. He explained that not having access to the money in his account has impacted him heavily financially – he said he was now in rent arrears, his car was repossessed, and he had to borrow money from others. He also said he suspects Nationwide has passed on false information to other banks about him because he had several banks accounts blocked and closed. He says Nationwide took too long to complete its review and weren't clear about what information he needed to provide in order to gain access to his money.

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.

I would add too that our rules allow us to receive evidence in confidence. We may treat evidence from financial businesses as confidential for a number of reasons – for example, if it contains information about other customers, security information or commercially sensitive information. It's then for me to decide whether it's fair to rely on evidence that only one party has seen. It's not a one-sided rule; either party to a complaint can submit evidence in confidence if they wish to, and we'll then decide if it's fair to rely on it. Here, the information is sensitive and on balance I don't believe it should be disclosed. But it's also clearly material to the issue of whether Nationwide has treated Mr L fairly. So, I'm persuaded I should take it into account when deciding the outcome of the complaint.

I can see Mr L feels very strongly about his complaint. That's clear from what's he's said to us and to Nationwide. Whilst I appreciate Mr L's frustration and how this matter has impacted him, it's important to point out that the only thing in question here is whether Nationwide has done what it should have done. And I think it has. I'll explain why.

Nationwide has important legal and regulatory responsibilities to meet when providing accounts to customers. Those obligations are ongoing and don't only apply when an account is opened. They can broadly be summarised as a responsibility to know its customers, monitor accounts, verify the source and purpose of funds, as well as detect and prevent other financial harm.

Nationwide will review accounts to comply with these responsibilities. It's common practice for banks and other financial service providers to restrict access to accounts to conduct a review - doing so helps prevent potential financial loss or other harm that could otherwise result. I've considered the basis for the review, which I find was legitimate and in line with its legal and regulatory obligations. So, I'm satisfied Nationwide acted fairly by blocking Mr L's account and had no obligation to tell him the basis of its concern or forewarn him of its intention. So, I can't say Nationwide have done anything wrong when it decided to review Mr L's account.

As part of their review, Nationwide asked Mr L for detailed information about the money in his account and where it came from – which they're entitled to do under their obligations. Having reviewed everything, I think Nationwide's requests were reasonable in the circumstances. Ultimately it is Nationwide who decide what information they do or do not

require as part of a due diligence review and they have a duty to protect their customer's money and understand where it came from. Because of that, I can't fairly conclude Nationwide acted inappropriately when it asked Mr L to provide it with information about the source of funds in his account.

Mr L has said that Nationwide took far too long to complete its review of his account and release the money blocked in his account back to him. I've looked at the information Nationwide provided about what it was doing as part of its review. Having done so I'm not satisfied that Nationwide has provided sufficient evidence to show it couldn't have completed its review earlier. But it doesn't follow that I must award Mr L compensation in these circumstances. Instead, I have to consider all the circumstances and information surrounding Mr L's complaint to decide whether I think awarding compensation would be a fair and reasonable outcome.

After considering what Mr L has said and the content of Nationwide's review, I don't find awarding Mr L compensation would be fair or appropriate. I understand Mr L would naturally want to know the information I have weighted in order to reach this finding. But as I've set out already, I am treating this information in confidence, which is a power afforded to me under the Dispute Resolution Rules (DISP), which form part of the Financial Conduct Authority's regulatory handbook.

Accordingly, I have accepted information in confidence which I am not disclosing to Mr L. And the description of that information is that it's of a nature which justifies Nationwide's review, and which has led me to decide that awarding Mr L compensation would not be a fair or appropriate outcome for any of the matters he has brought as part of this complaint.

So, I'm not requiring Nationwide to compensate Mr L for any trouble and upset he may have experienced as a result of a potential delay in Nationwide carrying out its review, and the further dissatisfaction he experienced which ultimately flowed from not having access to the funds in his account, including his unhappiness with Nationwide's communication and the information it didn't provide him.

Sometimes following a review, a bank will decide to close an account. Nationwide is entitled to close an account with Mr L just as he is entitled to close his account with Nationwide. It's generally for banks and financial businesses 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 a customer or require it to compensate a customer who has had their account closed.

As long as they reach their decisions fairly, it doesn't breach law or regulations and is in keeping with the terms and conditions of the account, then this service won't usually intervene. But before Nationwide closes an account, they must do so in way which is fair and complies with the terms and conditions of the account. I've looked at the terms and conditions and they state that Nationwide could close Mr L's account by giving at least two months' notice. And in certain circumstances it could close the account immediately.

In this case Nationwide closed Mr L's accounts with notice. However, Nationwide blocked Mr L's account. So, I consider Nationwide closed Mr L's account immediately, since he wasn't able to use the account normally following the block. For Nationwide to act fairly here they needed to meet the criteria to apply their terms for immediate closure – and having looked at these terms and all the evidence that the bank has provided, I'm satisfied that Nationwide did. And that it was entitled to close the account as it's already done.

I've then gone on to consider whether the bank's reasons for closing the account was fair.

This can be due to a number of reasons and a bank isn't obliged to give a reason to the customer. Nationwide has provided some further details of its decision making process, I'm sorry but I can't share this information with Mr L due to its commercial sensitivity. But I've seen nothing to suggest Nationwide's decision around closing Mr L's account was unfair.

I understand of course why Mr L wants to know the exact reasons behind Nationwide's decision, other than what he's been previously told. And I can see that Mr L has asked Nationwide to explain itself on several occasions. But Nationwide doesn't disclose to its customers what triggers a review of their accounts. And it's under no obligation to tell Mr L the reasons behind the account review and closure, as much as he'd like to know. So, I can't say it's done anything wrong by not giving Mr L this information. And it wouldn't be appropriate for me to require it to do so.

Finally, Mr L has said that it's no coincidence that following Nationwide's actions he's had several other bank accounts placed under review and closed. He suspects this is as a result of Nationwide spreading false information about him. I haven't seen any evidence to support Mr L's suspicions. And I can't comment on the actions of other banks. Mr L will have to take this up with the relevant banks and financial businesses who he says have closed his accounts.

In summary, I realise Mr L will be disappointed by my decision. But having looked at all the evidence and circumstances of this complaint, I can't conclude that Nationwide have treated Mr L unfairly. So, I won't be telling Nationwide to do anything to resolve Mr L's complaint.

### **My final decision**

For the reasons I've explained my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 18 March 2024.

Sharon Kerrison  
**Ombudsman**