

The complaint

Mr K complains Nationwide Building Society (“Nationwide”) blocked and then said it was closing his accounts, but then overturned this decision. But around two months later Nationwide blocked Mr K’s accounts again and then closed them with immediate effect.

Mr K says Nationwide’s actions have cost him around £2,000 in financial losses. And has caused him substantive distress and inconvenience.

What happened

In April 2023, following an internal review, Nationwide blocked Mr K’s accounts. Nationwide asked Mr K to provide details of specific payments he had received. Mr K sent Nationwide information that these funds related to him selling USDT crypto assets on a well-known trading platform – who I’ll refer to as ‘X’ from now on.

Mr K says he would finance his X account by sending funds to his EMI (Electronic Money Institution) account. They permitted such transactions to X. And from there he would agree a trade - typically in USDT - with other individuals. Once the trade was agreed, Mr K would only release the USDT to the buyer once he received the agreed *fiat* currency - in this case GBP – into his Nationwide account.

Mr K says he checked upfront that what he was proposing to do was agreeable with Nationwide, and that one of its staff members said it was. During the time Mr K’s account was blocked he was told he could withdraw cash from one of its branches by taking identification with him.

Nationwide notified Mr K it was closing his accounts in 60 days’ time. Unhappy with Nationwide’s decision, Mr K complained. In its final response, Nationwide said it had not done anything wrong in deciding to close Mr K’s accounts.

Mr K referred his complaint to this service.

Shortly after Nationwide reversed its decision to close Mr K’s accounts. Nationwide explained to Mr K that it would remove any adverse CIFAS markers it had applied and gave him instructions on how to carry out any sales of goods activities and that he cannot use Nationwide accounts to carry out any crypto related trades.

However, a couple of months later in early August 2023, Nationwide blocked Mr K’s accounts again. Mr K couldn’t open another bank account for a while as his applications were being declined. And when an account was opened, it was quickly closed. But a short while later, within August 2023, Mr K did successfully open an account with another bank. In September 2023, Nationwide notified Mr K it was closing his accounts with immediate effect.

One of our Investigator’s then looked into Mr K’s complaint. They recommended it was upheld in part. In short, their key findings were:

- Nationwide carried out the review and restricted Mr K’s accounts in line with its legal

and regulatory obligations

- Nationwide can close accounts and doesn't have to give an explanation. Nationwide didn't act unfairly or outside its terms and conditions when deciding to close Mr K's accounts. But it hasn't acted fairly in closing the account with no notice
- Nationwide admitted it incorrectly recorded a CIFAS marker at the time of its first review, although this was removed. But this caused Mr K issues when he tried to open a new account
- Nationwide should pay Mr K £200 compensation for the distress and inconvenience it's caused him

Nationwide didn't agree with what our Investigator said. It says the second review was conducted by a separate team and it had reason and concern enough to close the accounts in the way it did. So Nationwide say the complaint shouldn't be upheld.

Our Investigator considered Nationwide's arguments but didn't agree. The key points they made were that Nationwide ought to have had a more joined-up approach to both reviews, and they were satisfied the source of funds information, and explanation, Mr K provided as part of the first review showed his entitlement to the funds. Nationwide didn't agree.

In response to what our Investigator said, Mr K says he has lost around £2,000 as he couldn't repair his car for which he had to borrow money and use a credit card bearing interest. He says he also had to use his credit card for buying groceries and paying bills.

As there is no agreement, this complaint has now been passed 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.

Having done so, I've decided to uphold this complaint in part. I'll explain why.

Financial businesses in the UK, like Nationwide, are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. They are also required to carry out ongoing monitoring of an existing business relationship. That sometimes means Nationwide needs to restrict, or in some cases go as far as closing, its customers' accounts.

Nationwide has given me information and a detailed explanation as to why it reviewed and restricted Mr K's accounts in the way it did. Having carefully considered this, I'm satisfied it did so in line with its obligations.

Nationwide provided Mr K with 60 days' notice that it was closing his account and said he could withdraw cash from its branch whilst any restrictions remained in place. But a few weeks later it reversed this decision and informed Mr K his accounts would be re-opened. He was also told that he had to stop using his Nationwide account for any crypto related trading. Mr K agreed. However, less than two months later Nationwide restricted his accounts again and later notified him it would close his accounts with immediate effect.

Looking at this holistically, though it's a poor customer experience, I'm satisfied Nationwide had reason enough to close Mr K's accounts by giving him 60 days' notice. But I don't think it should have closed them with immediate effect. I say that because Mr K has given a plausible explanation as to how and why he used his Nationwide account to facilitate peer-

to-peer crypto transactions. He's also shown that such transactions aren't prohibited by Nationwide. I do note however that X was prohibited by Nationwide, though I don't know when.

He's also shown that he was most likely acting in good faith in relation to the transaction he was asked to provide information about. Having said that, I agree that the information Nationwide has given me is enough, as I've said, to have closed his accounts.

Mr K had another account at this point. Although it took several attempts to get one successfully. The CIFAS marker Nationwide applied and then removed may have had an impact here. Equally, this may have been due to a marker added by another bank. But as I can't determine conclusively who's marker caused Mr K detriment, I will apportion some fault to Nationwide.

Mr K always had the ability to withdraw his salary from branch when his accounts were restricted. So I don't think this placed a burden on him to the point it was onerous. Mr K says he has suffered losses of around £2,000 because he had to use a credit card to pay for car repairs and everyday essentials. But given he could have withdrawn cash from the branch, I won't make any compensatory award for this.

However, I do think the way both reviews and closures were handled, especially given their proximity, was something Nationwide got wrong. I think its reasonable to expect Nationwide to co-ordinate such a review more coherently regardless of how it's structured internally. I also think that the immediate closures would have caused Mr K some inconvenience - albeit that he had another bank account.

Having carefully weighed this up and considered what our service's approach to such an award is, I'm persuaded £200 is fair compensation for the distress and inconvenience Mr K suffered. This compensation relates only to Nationwide's failings I've identified above.

My final decision

For the reasons above, I uphold this complaint in part. Nationwide Building Society must now pay Mr K £200 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 19 April 2024.

Ketan Nagla
Ombudsman