

The complaint

Ms K complains Nationwide Building Society (“Nationwide”) blocked and closed some of her accounts without notice nor explanation.

Ms K says Nationwide’s actions caused her financial loss, distress, and inconvenience given she was on holiday and left without access to funds.

What happened

This decision only deals with accounts that were or are in Ms K’s sole name. Any complaint related to accounts held in joint names is being handled under a different reference number at this service.

On 17 February 2023, following an internal review, Nationwide blocked Ms K’s accounts. Ms K was abroad on holiday with her son at the time. She says she found out about Nationwide’s actions when she couldn’t pay for extra trips and activities whilst on holiday.

Ms K says it was lucky the holiday was all inclusive so she and her son could at least eat and had accommodation. But not being able to access any funds to pay for excursions caused her substantive distress and inconvenience.

One of Ms K’s saving accounts was shortly closed after it was restricted in February 2023. But another savings account, and Ms K’s current account, were unblocked on 23 February 2023 and remain open.

Unhappy with Nationwide’s actions, Ms K complained. Nationwide didn’t uphold Ms K’s complaint. In short, Nationwide said it notified Ms K that it was closing her accounts, and it had not made any error.

A few days later Nationwide sent another response to Ms K in which it said it had made an error in telling her an email had been sent to her notifying her of the closures. Nationwide said it had instead sent the notification of closure by letter in December 2022.

Ms K referred her complaint to this service. One of our Investigator’s then started to look into her complaint. Nationwide subsequently informed this service it didn’t send any letters to Ms K notifying her of the closures because of limitations in its internal processes. So it had erroneously told Ms K these letters had been sent when they hadn’t.

Ms K added that Nationwide hasn’t given her an explanation for its actions, including why it re-opened some of her accounts but closed others. Ms K says Nationwide transferred funds in her savings account into her current account which has led to her losing out on a higher rate of interest.

Our Investigator then told both parties that they thought the complaint should be upheld. In summary, their key findings were:

- As Nationwide erroneously told Ms K it had sent notification of the account closures

to her but hadn't, the block and closures of Ms K's sole named accounts should not have happened

- Though an explanation can't be given, Nationwide acted unfairly by not providing Ms K with any notice
- To put things right, Nationwide should:
 - Pay 8% simple interest on the balance of Ms K's current account for the period it was blocked
 - Pay the savings interest rate on one of Ms K's savers account for the period it was blocked up until it was re-opened
 - Pay the prevailing interest rate on the savings account, which was closed, from the date it was closed till the funds were returned to Ms K
 - Pay Ms K £200 compensation for the distress and inconvenience she's suffered

Ms K didn't agree with what our Investigator said. In summary, she felt £200 fell way short of addressing the substantive distress and inconvenience she was caused – especially for spoiling her holiday. She couldn't enjoy the holiday, go on special trips, and overall enjoy the time with her son. Ms K also sent in further information in relation to the holiday.

Our Investigator then looked into Ms K's complaint again. They still thought the complaint should be upheld, but that Nationwide should pay Ms K more compensation. In summary, they said:

- Ms K was on holiday abroad between 17 and 27 February 2023 with her son. She had no access to funds, nor did she have any friends and family with her she could borrow the money from
- Nationwide say it unblocked Ms K's current account on 23 February 2023, but it didn't contact her to inform her of this. Had Nationwide done so, its likely Ms K would have been able to enjoy part of her holiday. So Nationwide has caused her a prolonged period of suffering distress and inconvenience
- As Ms K was abroad in an unfamiliar country, Nationwide's error had a greater impact on her
- In addition to what our Investigator said Nationwide needs to do to put things right previously, it should now pay Ms K £400 compensation for the distress and inconvenience she suffered

Nationwide agreed with what our Investigator said.

Ms K questions why she hasn't been given an explanation for why Nationwide took the actions it did, and why it had closed some but not all of her accounts. Ms K also felt £400 wasn't enough compensation given the impact Nationwide's actions had on her holiday – and the worry it caused her about buying her new home.

As there is no agreement, Ms K's 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. 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, customers' accounts.

Nationwide has explained, and sent information to this service, to show why it reviewed Ms K's accounts. Having carefully considered this, I'm satisfied it did so in line with its obligations.

Around a week later, Nationwide re-opened Ms K's current account and one of her savings accounts. But it closed another of her sole saving accounts. Nationwide has explained why it did this. It's also explained that it's made errors in the handling of this matter by saying it had sent closure notification letters and emails, when it hadn't. Nationwide has also explained that due to limitations on its internal processes, it's not handled this matter as it should have.

From the information I've been provided, I'm persuaded Nationwide had reason enough to close Ms K's accounts. But only by giving her the contractual two months' notice and without any restrictions to accessing the accounts before closure.

However, that is not what has happened here. Nationwide didn't send any notification and instead blocked two of her accounts for a little under a week – and closed another of her savings' accounts.

It's very unfortunate Ms K was on holiday with her son at the time the blocks were applied. Ms K has sent some evidence to show this was the case, and the call notes and online chats Nationwide has sent me are consistent with this. Given where Ms K had travelled to for holiday, I'm satisfied that going on excursions and trips was intrinsic to that experience - and that these would have been costs above her all inclusive stay.

Ms K has also explained that having her accounts frozen in this way caused her anxiety and irrevocably damaged the rest and wellbeing she was expecting to gain from the holiday experience. She's also said she's lost out on interest for the money in the savings accounts and was worried about her proposed house purchase falling through.

After giving this much thought, and looking at our approach to awards of compensation, which is available on our website, I'm persuaded £400 is fair compensation. This award considers the stress and inconvenience Ms K underwent whilst on holiday, and the impact Nationwide's failings had on her.

I'm also satisfied that Nationwide's errors have led Ms K incurring financial loss and that it should pay the prevailing interest rates on the funds in both savings accounts. And it should also pay 8% simple interest on the funds in the current account for the period she was deprived of them.

I know Ms K would like a detailed explanation of why Nationwide did what it did. But it isn't under any obligation to do so. I've already said that Nationwide was adhering to its obligations when reviewing Ms K's account but subsequently made errors in its communication and decisions about restricting and closing her accounts.

I would add too that our rules allow us to receive evidence in confidence. We may treat evidence from Nationwide 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 we consider should be kept confidential.

Putting things right

To put things right, Nationwide must:

- Pay 8% simple interest on the balance of Ms K's current account for the period it was blocked*
- Pay Ms K the savings interest rate on one of her savings accounts for the period it was blocked up until it was re-opened*
- Pay the prevailing interest rate on the savings account, which was closed, from the date it was closed till the funds were returned to Ms K*
- Pay Ms K £400 compensation for the distress and inconvenience she's suffered

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

My final decision

I have decided to uphold this complaint. Nationwide Building Society must now put things right as above.

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

Ketan Nagla
Ombudsman