

The complaint

Mr H complains that Nationwide Building Society blocked his account, so he had no access to his funds. He would like access to the funds in his account and compensation.

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 H had an account with Nationwide. On 12 August 2022 Nationwide carried out a review and blocked Mr H's account. Nationwide asked Mr H for information which Mr H provided on 15 August 2022. The account remained blocked.

On 31 May 2023 Nationwide requested further information from Mr H which he provided on 1 June 2023. Nationwide reviewed the information and unblocked Mr H's account.

The balance on Mr H's account was £85,000.

Mr H has told us due to the block he lost out on a property he was going to buy through a private sale. He says he was very stressed and inconvenienced by the block. Mr H said he felt discriminated against by Nationwide

One of our investigators looked at the complaint he thought there had been undue delays in Nationwide's review. He awarded Mr H £150 compensation and interest at 8% from 29 August 2022 when he thought Nationwide should have completed the review to when Mr H got access to his money.

He didn't think Mr H had shown sufficient evidence that the house purchase had fallen through because of the block of the account. Our investigator thought Mr H had been treated unfairly because of the delays but in relation to the specific call Mr H said he felt discriminated on, our investigator was satisfied he'd been treated fairly.

Nationwide agreed with the view.

Mr H disagreed he thought the block on the account had specifically caused the house purchase to fall through.

As there was no agreement the matter has 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.

Review

As the investigator has already explained, Nationwide has extensive legal and regulatory responsibilities they must meet when providing account services to customers. They can broadly be summarised as a responsibility to protect persons from financial harm, and to prevent and detect financial crime. To fulfil these obligations, they may need to review activity taking place on accounts and ask customers for information, for example about payments, and information about the individuals operating the accounts – it's the bank's duty to reasonably ensure accounts are being used in the way they should and to protect the money which is held in them. In order to fulfil these obligations, banks sometimes block an account. The account terms and conditions also permit Nationwide to block an account and ask a customer for more information.

Based on all the evidence I've seen I'm satisfied that Nationwide were acting in line with these obligations and the account terms when it blocked Mr H's account on 12 August 2022 and asked him to provide information about the payments into his account. The account was newly opened and had received a large payment of nearly £85,000. In the circumstances, I don't find it surprising that Nationwide wanted more information about the source of the funds.

Mr H provided Nationwide with bank statements from his previous account showing the funds he had transferred to Nationwide. He provided this on the 15 August 2022.

On 31 May 2023 Nationwide requested further information from Mr H. he provided this information on 1 June 2023 and his account was unblocked.

I've gone on to consider if there were any delays in the review of Mr H's account. Having looked at the evidence I can see that Nationwide could have concluded their review much quicker than it did. The investigator has suggested that Nationwide could have requested further information and reviewed it by 29 August 2022, he has suggested Mr H should be compensated for not having access to his money in the form of interest at 8% on the balance in his account from 29 August 2022 until the date he gained access to his account balance. Having looked at the information provided I agree with this and see no reason to change this amount.

Mr H also was awarded £150 for the inconvenience of having his account blocked. I accept this was a stressful time for Mr H. He has told us he lost the sale of a house which also had consequences for his private life. I am very sorry to hear this and I will deal with the issues relating to the purchase of the property below.

Purchase of property

Mr H has told us he was purchasing a property through a private sale. This was a property near to his parents and his plan was to pay cash for the property, so no mortgage was to be taken out. Mr H has provided us with two letters from the property owner confirming he had accepted an offer from Mr H and the second stating that if they didn't proceed to exchange Mr H would lose the property as the owner had been waiting for some months.

I am grateful to Mr H for providing this information. I understand the difficulty of evidencing a purchase which is arranged privately. Having said that Mr H would need a solicitor to arrange the conveyance and draw up contracts. Mr H hasn't been able to provide any evidence of these types of arrangements.

In addition, Mr H has said he was buying the property for cash so he couldn't show any mortgage arrangements. And I accept that the property was being sold for £125,000 and Mr H had £85,000 in his Nationwide account which he has told us he needed for the house purchase. Mr H has said he had money in another account so I can see that Mr H could have provided the owner with a deposit thus securing the purchase.

House purchases can be volatile and with the best of intentions there are many things that can go wrong between an offer and completion to cause the sale to fall through. I appreciate that Mr H will be disappointed with my decision but looking at the evidence he has been able to provide regarding the purchase of the property, I'm unable to conclude that the sole reason the property purchase didn't go through was because of the block on the account. It follows I can't hold Nationwide responsible for this.

I recognise that Mr H has had to put up with a great deal of distress and inconvenience during this period. The investigator awarded him £150 in compensation for this. And having looked at the evidence and the circumstances of the case I think this is a fair amount.

Mr H told this service that he couldn't understand why his account had been blocked when he had provided the information Nationwide required within a couple of days of their request. He thought the reason for the continued block was because of his religion and his name. Mr H provided evidence of the delays in dealing with his complaint and the length of time Mr H's account was blocked. I have also listened to the call Mr H has referred our service to.

Mr H thinks the reason his review took so long, and his account was blocked, is because of his name and religion and he has been discriminated against. While I appreciate this is his perspective, it is not my role to decide whether discrimination has taken place as a matter of law – only the courts have the power to decide this.

I have, however, considered the relevant law in relation to what Mr H has said when deciding what I think is the fair and reasonable outcome. Part of this has meant considering the provisions of The Equality Act 2010. But after doing so I've not seen evidence to indicate Mr H was treated unfairly by Nationwide because of his name or religion, so I haven't found that NatWest's behaviour was improper.

In summary I think Nationwide caused delays when they reviewed and blocked Mr H's account. Because of this Mr H wasn't able to access his funds in the account and he was inconvenienced, and he has explained this was very stressful time for him. To put things right Nationwide should pay Mr H £150 in compensation for the distress and 8% interest on the balance in his account for being deprived of his funds from 29 August 2022 until when his account was operational once more.

My final decision

For the reasons stated above I partially uphold this complaint. I require Nationwide Building Society to pay Mr H:

- £150 for his material distress
- 8% interest on the balance in his account from 29 August 2022 to the date he had access to the funds in his account.

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 6 March 2024.

Esperanza Fuentes
Ombudsman