

The complaint

Mr Z complains Nationwide Building Society unfairly blocked and then closed his accounts.

What happened

Mr Z held multiple accounts with Nationwide – in his sole name he held a credit card account, current account and savings account. In late 2023 Nationwide blocked Mr Z's accounts and contacted Mr Z asking for some further information about his personal and financial circumstances.

Mr Z raised a complaint with Nationwide about these enquiries – explaining he was a long-standing customer and had provided details when he opened the accounts. He explained the block on his accounts had a serious impact on him and he had to rely on family and friends for assistance. Mr Z also said Nationwide's actions were racist. Nationwide responded, explaining it was acting in accordance with legal obligations.

Mr Z didn't provide a response to the information requested by Nationwide. The review of Mr Z's holdings completed in January 2024 and Nationwide made the decision to end its banking relationship with Mr Z immediately. Mr Z received the balance of the accounts following two visits to branch.

Unhappy with Nationwide's handling of his concerns Mr Z referred his complaint to this service. An Investigator reviewed the complaint, and in summary, made the following findings:

- Nationwide is able to restrict accounts when carrying out reviews and don't need to inform customers of the reasons why.
- The terms of Mr Z's accounts say the accounts can be closed if requested information isn't provided. Mr Z didn't provide the KYC information provided, so its actions are reasonable.
- Our service is not in a position to decide whether Nationwide has treated Mr Z differently due to his race under the Equality Act.

Mr Z remained unhappy and maintained Nationwide had acted unfairly. Mr Z says Nationwide should reopen his accounts and compensate him for the distress caused by its actions. As no agreement could be reached, the case has been referred to me – an ombudsman – for a 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.

Firstly, I am sorry to see Mr Z has had cause for complaint. I don't underestimate the worry this situation has caused, and also the stress of dealing with the complaint about it. I'd like to reassure Mr Z that I've considered the whole file and what's he's said. But I'll concentrate my

comments on what I think is relevant. If I don't mention any specific point, it's not because I failed to take it on board and think about it, but because I don't think I need to comment on it to reach what I think is a fair and reasonable outcome. No discourtesy is intended by me in taking this approach.

I must highlight my decision will focus on Mr Z's individual holdings with Nationwide. I will not be commenting on any joint accounts held, or the accounts of any family members.

Banks 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 banks need to restrict, or in some cases go as far as closing, customers' accounts.

These obligations generally cover the entire period of its customer relationship – from application to eventually the end of the relationship. This includes KYC checks and/or Customer Due Diligence (CDD). It's worth noting these checks include not just the verification of a customer's identity, but also establishing the origin of funds and purpose of transactions.

So, given the various obligations Nationwide must adhere to, including KYC, I'm satisfied it was acting in line with these when it initiated a review on Mr Z's accounts. Part of Mr Z's complaint is that he provided detailed information when the accounts were opened. But as explained the checks Nationwide are obliged to carry out can be conducted at any point in the banking relationship to ensure it holds accurate and clear information about a customer.

Nationwide asked Mr Z to provide detailed information about his personal circumstances and it also asked about specific account activity. Mr Z didn't provide this and has referenced data protection reasons. However, Nationwide would be obligated to treat any information sensitively and in line with data protection requirements. So I don't think this is a reasonable explanation for Mr Z not providing the details requested.

Following its review of Mr Z's accounts and the lack of response from Mr Z to its queries Nationwide made the decision to end its banking relationship with Mr Z with immediate effect. Nationwide is entitled to close accounts just as a customer may close an account with it. But before Nationwide closes an account, it must do so in a way, which complies with the terms and conditions of the accounts.

The terms and conditions of the accounts which Nationwide and Mr Z had to comply with, say that it could close the accounts by giving him notice. And in certain circumstances it can close an account immediately or with less notice. Mr Z's accounts were blocked and then closed immediately. I've considered this in light of the relevant terms and conditions, and I'm satisfied Nationwide acted reasonably in taking this course of action.

Nationwide has provided me with information which shows why it took the actions it did. Our rules allow us to receive evidence in confidence. We may treat evidence from regulated businesses as confidential for several reasons – for example, if it contains security information, or commercially sensitive information. Some of the information Nationwide has provided is information that we consider should be kept confidential.

Having looked at the information I've been sent, I'm satisfied Nationwide has done nothing wrong by restricting Mr Z's account and asking him questions as part of its KYC process. I'm also satisfied Nationwide has acted in line with the terms of the account, and wider legal and regulatory obligations it must adhere to.

Mr Z has provided details of the impact the account block and subsequent closure had on him. I appreciate the block would've caused a level of distress and inconvenience. Restricting an account can have serious consequences, and it's not a decision a business should take lightly. However, in Mr Z's case I'm satisfied Nationwide's decision to restrict Mr Z's account for as long as it did was reasonable given the information it's shared with this service.

Mr Z says that he is a victim of discrimination. He says Nationwide has treated him unfairly due to his race and his middle eastern name. While I can appreciate this Mr Z's perspective, it is not my role to decide whether discrimination has taken place – only the courts have the power to decide this. I have, however, considered the relevant law in relation to what Mr Z 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 (The Act). And after looking at all the evidence, I've not seen anything to suggest that Nationwide treated Mr Z, unfairly.

While I appreciate how Nationwide closing his accounts made Mr Z feel, I have to consider if other customers in similar situations would have been treated the same way. Having looked at all the evidence, I haven't seen anything to show that Nationwide would have treated another customer with similar circumstances any differently than Mr Z. Based on the information I've seen Nationwide has based its decision on legal and regulatory factors.

Mr Z believes he should be awarded compensation as he has been treated poorly. To award compensation for financial loss, distress and inconvenience, I must reach the conclusion that Nationwide did something wrong. But after carefully considering everything that's happened, I don't think Nationwide has acted improperly.

I know this will not be the outcome Mr Z was hoping for and he will be disappointed with the decision I've reached. But I hope my decision provides some clarity around why I won't be asking Nationwide to compensate Mr Z or reopen his accounts.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr Z to accept or reject my decision before 9 January 2025.

Chandni Green
Ombudsman