

## **The complaint**

Mr P complains that Nationwide Building Society ('Nationwide') unfairly blocked his account and isn't allowing him access to any of his funds. He wants his account to be unblocked and to find out the reason for the block and the delays. He'd also like compensation for financial losses as well as the distress and inconvenience he suffered.

## **What happened**

Nationwide got in touch with Mr P on 14 December 2022 to let him know that it had frozen his account in order to carry out a review. It said it was doing so in compliance with its legal and regulatory requirements.

Mr P complained the following day and said he had been stopped from using his only account which he uses for day-to-day bills and expenses. He said all the transactions in his account were legitimate and provided more information in relation to some of the larger transactions.

Over the following two or so weeks Mr P continued to contact Nationwide asking for updates and a timescale for when the review would be completed. Nationwide said it wasn't possible to provide a timescale.

Mr P also told Nationwide that he was going away on holiday for three weeks and wouldn't be in a position to provide further information if required. But he said he had offered to speak to Nationwide over the phone and provide any information required by email but Nationwide didn't get back to him.

Nationwide issued a final response letter on 29 December 2022 but it didn't uphold the complaint. It said the review was ongoing and that it didn't find any errors with the way it handled the matter. It reiterated that it was acting in accordance with its legal and regulatory obligations and said it was only able to provide very limited information while the account was being reviewed.

Mr P got in touch with Nationwide again in January 2023 but it repeated what it had already said in its final response.

Mr P carried on periodically chasing for updates over the following six months, but Nationwide said its review was still ongoing. The account was still under review when Mr P brought his complaint to us in June 2023.

Mr P told us that he wanted his account to be unblocked and his funds, which came to £11,518.54, returned to him. He said that he also wanted to know the reasons for the review

and why there had been a delay of several months in it being completed. And he said he wanted compensation for all the trouble and upset he was caused. Mr P later told us that he managed to open another account in July 2023 but in the meantime his day-to-day expenses were covered by his wife and that he was also able to use a credit card that he had. He also told us that he took £14,000 out of his pension which put him in a higher tax bracket which cost him around £5,000 extra in tax.

One of our investigators reviewed the complaint and thought it should be upheld. He thought Nationwide's decision to review and block the account was fair and reasonable but he thought the review should have been completed and Mr P's funds released to him within a month. So he thought Nationwide should pay Mr P his account balance plus 8% simple interest per year for the period the account was blocked minus one month. He also thought it should pay £200 compensation for the distress and inconvenience it caused Mr P. Our investigator didn't award any additional compensation for Mr P having to withdraw money from his pension and paying more tax. He said this was because Mr P was already in a higher rate tax bracket and would have had to pay tax at this rate whenever he accessed those funds.

Mr P accepted our investigator's view. Nationwide acknowledged our investigator's view but didn't provide a full response. Mr P later told us that Nationwide had been in touch with him and told him it was closing his account and returning his funds. He said it didn't mention the compensation our investigator had awarded.

The matter was then 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.

As the account was only closed after the complaint came to us, in this decision, I haven't considered Nationwide's decision to close the account. I have only considered its decision to block and review it. But I was pleased to note that the funds were being returned to Mr P.

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 the funds as well as detect and prevent 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.

Having reviewed all the evidence, I'm satisfied that Nationwide was acting in line with its legal and regulatory obligations when it restricted Mr P's account in December 2022.

I've also considered the basis for Nationwide's 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 P's account.

Nationwide has provided some further details of its decision-making process which, unfortunately, I can't share due to its commercial sensitivity. But I've seen nothing to suggest that its decision around reviewing and blocking Mr P's account was unfair.

Mr P said he wants to know the reason why Nationwide decided to review his account, but I don't think it's under any obligation to disclose to its customers what triggers a review of their accounts. So it's under no obligation to tell Mr P the reasons behind the account review and block, as much as he'd like to know. For this reason, I can't say that it's done anything wrong by not giving Mr P this information. And it wouldn't be appropriate for me to require it to do so.

Mr P was also unhappy about the fact that the review took several months to complete. While Nationwide is entitled to carry out its review, we'd expect it to do so in a timely manner without undue delay. It took Nationwide over a year to complete its review and make a decision to release Mr P's funds. I appreciate that it is entitled to take the necessary time in order to carry out its review and I don't think it would be right for me to say it should have worked to a specific timescale. I think this would depend on each case, depending on its individual circumstances. Nevertheless, based on the information and evidence Nationwide has provided to me, some of which is again confidential and which I can't disclose due to commercial reasons, I don't think it was proactive in completing its review and I don't think meaningful steps were taken at all times to bring it to a close. I think there were periods where no action was taken which led to long delays. I am pleased to note the review is now complete and the funds will be/have been released but, as our investigator said, this could have been done much sooner. Looking at the steps that were necessary in order to complete this review I agree with our investigator that, in these specific circumstances, this could have been completed within a month.

Mr P was deprived of funds in his account for several months. This is money that he should have had available to him to use as he wanted. I can't say for sure what the specific cost of not having these funds available would be. It will have influenced a whole host of decisions about spending and borrowing over that time. With that in mind I'm satisfied awarding 8% simple interest on the amount for the period that it wasn't available to Mr P, less one month to account for the length of the review, is appropriate. It is a reflection of the cost of being deprived of these funds. It's also in line with the statutory interest rate on judgment debts.

Mr P said that this was his only account, until he was able to open another one. He said he had to rely on his wife to pay several bills and he also used some of his pension as he couldn't access the funds in his Nationwide account. Mr P also had to chase Nationwide for updates over a number of months, which wouldn't have been necessary had it been more proactive in completing its review. Mr P also mentioned that he went away on holiday shortly after his account was blocked and had no access to his money which affected his holiday. I think all this would have caused Mr P a certain amount of distress and inconvenience and I think £200 compensation is fair and in line with compensation we would award in similar situations.

Mr P mentioned paying more tax because of his pension drawdown but as pointed out by our investigator Mr P was already paying tax at a higher rate due to his other earnings. So he would have had to pay more tax whenever he accessed his pension funds. For this reason, I haven't awarded any additional compensation for this.

### **My final decision**

For the reasons above I have decided to uphold this complaint. Nationwide Building Society must pay Mr P £200 compensation for the distress and inconvenience it caused him. It should also pay him back his account balance if it hasn't already. And it must also pay 8% interest per year simple on the balance on his account from the date it was blocked to the date the funds were returned to him, minus one month.

Nationwide Building Society must pay the compensation above within 28 days of the date on which we tell it Mr P accepts my final decision. If it pays later than this it must also pay interest on the compensation from the deadline date for settlement to the date of payment at 8% a year simple.

HM Revenue & Customs requires Nationwide Building Society to withhold income tax from the above-mentioned interest. Nationwide Building Society should give Mr P a certificate showing how much is taken off if Mr P asks for one.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 28 June 2024.

Anastasia Serdari  
**Ombudsman**