

The complaint

Mr Y complains Nationwide Building Society unfairly closed his accounts.

What happened

The facts of the complaint are well known to both parties, so I will only provide a summary of the key points.

Mr Y held a flex account and savings accounts with Nationwide. Nationwide carried out a central review of Mr Y's accounts and made the decision to end its banking relationship with Mr Y. Mr Y was issued a notice to close letter which explained that Mr Y's accounts would close with immediate effect, and that alternative arrangements should be made for his banking needs.

Mr Y raised a formal complaint about the closure of his accounts, explaining Nationwide hadn't provided him with clear reasons for its decision and it had treated him unfairly. Mr Y said he had an outstanding balance that needed to be settled and Nationwide should provide him with a basic bank account. Nationwide issued a final response letter, explaining it had acted in line with the account terms and conditions, and it wasn't under any obligation to inform Mr Y of the reasons for the account closures.

Mr Y remained unhappy and referred his complaint to our service. An Investigator reviewed his concerns, and they didn't uphold Mr Y's complaint. In summary they explained:

- Nationwide was entitled to close Mr Y's account without providing a reason.
- Mr Y's accounts were closed with immediate effect, but the terms and conditions allow Nationwide to do this in specific circumstances.
- Nationwide has disclosed the specific reasons to this service in confidence and they were satisfied Nationwide acted fairly in light of the information available.
- Nationwide could've provided better service to Mr Y in relation to the outstanding overdraft on his account. However, as this was written off by Nationwide it doesn't need to take any further action.

Mr Y remained unhappy and maintained Nationwide had acted unfairly by closing his account without proper notice or reasons. 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.

I appreciate Mr Y was disappointed by the Investigator's opinion. I'd like to reassure Mr Y 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.

As a UK financial business, Nationwide is strictly regulated and must take certain actions in order to meet its legal and regulatory obligations. It's also required to carry out ongoing monitoring of an existing business relationship. This includes establishing the purpose and intended nature of transactions as well as the origin of funds, and there may be penalties if they don't. That sometimes means Nationwide needs to restrict, or in some cases go as far as closing, customers' accounts.

In Mr Y's case I can see that Nationwide's review of Mr Y's holdings was conducted in 2022 and at the end of November 2022 Mr Y was informed his accounts had been restricted, and then that they would be closed with immediate effect. I understand Mr Y's concerns over the closure of his accounts, especially as his Flex account appears to have been relied on for daily spending. I must highlight Nationwide is entitled to close an account 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 account.

The terms and conditions of the accounts, which Nationwide and Mr Y had to comply with, say that it can close the accounts by giving him two months' notice. And in certain circumstances it can close an account immediately or with less notice. Nationwide closed Mr Y's accounts with immediate effect. Nationwide has explained and given me information to show why it reviewed and closed Mr Y's accounts with immediate effect. Having carefully considered this, I'm satisfied Nationwide took these actions in line with the obligations it must adhere to.

I know Mr Y would like an explanation as to why Nationwide took these actions. But it isn't under any obligation to provide this. I would add too that our rules allow us to receive evidence in confidence. We may treat evidence from regulated businesses 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. But I can assure Mr Y that having reviewed it, Nationwide's decision to close Mr Y's account was fair and reasonable in the circumstances.

At the time Nationwide made its decision to close Mr Y's accounts he had an outstanding overdraft. I can see the repayment of this overdraft has been a source of worry and stress for Mr Y. In the correspondence between Mr Y and Nationwide following its decision to close his accounts Mr Y queries how the overdraft can be cleared, and he made attempts to clarify the situation with Nationwide. I think Nationwide should've handled this issue better and provided Mr Y with more guidance and information on the status of the overdraft.

As part of its submissions to this service Nationwide has confirmed the overdraft amount couldn't be cleared due to the type of block applied to the account. Nationwide made the decision to write off the balance and the account was eventually closed in March 2024. I appreciate Mr Y's frustration with the service he received, but I think Nationwide's decision to write off the £225 amount outstanding is a fair approach to resolving the issue.

Mr Y says Nationwide's decision to close his accounts caused him significant distress and inconvenience. I do appreciate this matter would've caused Mr Y difficulty, especially given his reliance on the flex account. The decision to close a bank account immediately can't be taken lightly given the impact it can have on a customer. Based on the information I've seen and the account terms I agree that Nationwide acted fairly in restricting the account. I understand Mr Y initially had a basic bank account with Nationwide and he has asked that Nationwide offer him another one now his flex account has closed. Nationwide isn't obliged to offer this to Mr Y as it decided to end its banking relationship with Mr Y. I haven't seen any

evidence to suggest Mr Y has been treated unfairly, and I think its decision to not offer services to Mr Y is reasonable. Mr Y is free to apply to other banking institutions for a basic bank account.

I know this will not be the outcome Mr Y 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 take any further action.

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 Y to accept or reject my decision before 2 April 2025.

Chandni Green
Ombudsman