

The complaint

Mr M complains that Nationwide Building Society unfairly blocked and closed his account without providing a proper explanation. He is also unhappy that Nationwide won't allow him access to money paid into his account.

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 M had a personal current account with Nationwide.

In September 2023, Nationwide reviewed Mr M's account. Whilst it completed its review Nationwide restricted Mr M's account and asked him to provide information relating several payments that had been made into Mr M's account between August and September 2023.

Whilst the account was blocked, Nationwide said Mr M could access any benefits or wages in his account by visiting a branch with identification. At the time, the balance of Mr M's account was just over £5,000.

Mr M said that the money in his account had come from friends, family, and freelance work he'd done. Mr M explained that the money from his family and friends had been gifted to him to help pay for therapy he had been receiving for a mental health condition. Mr M gave Nationwide copies of some bank statements relating to the accounts of the people who'd sent him money, and invoices for work he'd done, which he said demonstrated his entitlement to the money in his account.

Nationwide reviewed the information and said it wasn't sufficient to show Mr M was entitled to the money in his account. So, it continued to hold the funds. Mr M provided more information, but Nationwide were still not happy with the paperwork he provided. So, it continued to hold onto Mr M's funds. Following this, in October 2023, Nationwide decided to close Mr M's account and wrote to him giving him 90 days' notice that he'd need to make alternative banking arrangements.

Mr M complained to Nationwide. He said not being able to access the money in his account was making things difficult for him and that he needed the money to pay for his treatment. He also explained that not everyone who had sent him money were happy to give him copies of their bank statements, but he'd provided what he had been able to get. Nationwide looked at everything Mr M had sent but maintained that this wasn't enough to show Mr M was entitled to the money that had been paid into his account. Nationwide also said it hadn't done anything wrong and had acted in line with its legal and regulatory obligations and the terms of the account.

Unhappy with this response Mr M brought his complaint to our service. He said Nationwide had closed his account unfairly. He said he'd explained all the activity on his account to Nationwide and had provided paperwork to back up his entitlement to the money that had

been paid into his account. So, he didn't understand why Nationwide took as long as it did to review things and still won't release the money to him.

One of our investigators looked at Mr M's complaint. The investigator asked Mr M to provide anything else that he had to show that the money in his account belonged to him. In response, Mr M provided paperwork to show that he'd sold a car in May 2023, and the proceeds of the sale had been paid into his account. He also sent the investigator a copy of an invoice from his therapist that he'd paid. The investigator sent all the information to Nationwide so that it could review it.

In response, Nationwide provided some more information. The investigator then reviewed everything. She didn't think Nationwide had treated Mr M unfairly when it had reviewed and closed his account. After looking at all the circumstances and evidence, she also said that Nationwide hadn't done anything wrong when it had asked Mr M for information and withheld his funds. So, she didn't uphold the complaint.

Mr M disagreed with the investigator. He wants Nationwide to provide a proper explanation for why it won't release the money in his account back to him. He says Nationwide took too long to complete its review and weren't clear about what information he needed to provide in order to gain access to his money. So, he asked for an Ombudsman to review his complaint.

As no agreement could be reached the matter has come 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.

I would add too that our rules allow us to receive evidence in confidence. We may treat evidence from banks 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 that we considered should be kept confidential. This means I haven't been able to share a lot of detail with Mr M, but I'd like to reassure him that I have considered everything.

I can see Mr M feels very strongly about his complaint. That's clear from what's he's said to us and to Nationwide. Whilst I appreciate Mr M's frustration and how this matter has impacted him, it's important to point out that the only thing in question here is whether Nationwide has done what it should have done. And I think it has. I'll explain why.

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 summarized as a responsibility to know its customer, monitor accounts, verify the source and purpose of funds, as well as detect and prevent other 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 result.

I've considered the basis for Nationwide's review and having done so I find this was legitimate and in line with its legal and regulatory obligations. So, I'm satisfied Nationwide acted fairly by blocking and reviewing Mr M's account. And that Nationwide haven't done anything wrong when it decided to review Mr M's account.

As part of their review, Nationwide asked Mr M for detailed information about the money in his account and where it came from – which they are entitled to do under their regulatory obligations. Having reviewed everything, Nationwide's requests were reasonable in the circumstances. It is Nationwide who decide what information they do or do not require as part of a due diligence review - they have a duty to protect their customer's money and understand where it came from. Because of that, I can't fairly conclude Nationwide acted inappropriately when it asked Mr M to provide it with information about the source of funds in his account.

Mr M has said that Nationwide didn't make it clear what information he needed to supply as part of its review. I disagree. I say this because I can see that Nationwide explained to Mr M it wanted to know more about 38 transactions – it also offered to send Mr M his account statements in the post to make it easier for him to go through the transactions and provide the information that the bank wanted. So, I'm satisfied that Nationwide told Mr M what it needs him to provide – evidence that he is entitled to the funds.

I've seen copies of the various documents Mr M has submitted to Nationwide in an attempt to get the funds released. So, I'm satisfied that Mr M understands what he needs to do in order to satisfy Nationwide's request. And that Nationwide made it clear to Mr M what he needed to provide.

Mr M has said that Nationwide took far too long to complete its review of his account. I've looked at the information Nationwide provided about what it was doing as part of its review, which started in September 2023 and went on into the first half of 2024. Having done so I'm not satisfied that Nationwide has provided sufficient evidence to show it couldn't have completed its review earlier. But it doesn't follow that I must award Mr M compensation in these circumstances. Instead, I have to consider all the circumstances and information surrounding Mr M's complaint to decide whether I think awarding compensation would be a fair and reasonable outcome.

After considering what Mr M has said and the content of Nationwide's review, I don't find awarding Mr M compensation would be fair or appropriate. I understand Mr M would naturally want to know the information I have weighted in order to reach this finding. But as I've set out already, I am treating this information in confidence, which is a power afforded to me under the Dispute Resolution Rules (DISP), which form part of the Financial Conduct Authority's regulatory handbook.

Accordingly, I have accepted information in confidence which I am not disclosing to Mr M. And the description of that information is that it's of a nature which justifies Nationwide's review, and which has led me to decide that awarding Mr M compensation would not be a fair or appropriate outcome for any of the matters he has brought as part of this complaint.

So, I'm not requiring Nationwide to compensate Mr M for any trouble and upset he may have experienced as a result of a potential delay in Nationwide carrying out its review, and the further dissatisfaction he experienced which ultimately flowed from not having access to the funds in his account, including his unhappiness with Nationwide's communication and the information it didn't provide him.

Sometimes following a review, a bank will decide to close an account. Nationwide is entitled to close an account with Mr M just as he is entitled to close his account with Nationwide. It's generally for banks and financial businesses to decide whether or not they want to provide, or to continue to provide, banking facilities to any particular customer. Unless there's a very good reason to do so, this service won't usually say that a bank must keep a customer or require it to compensate a customer who has had their account closed.

As long as they reach their decisions fairly, it doesn't breach law or regulations and is in keeping with the terms and conditions of the account, then this service won't usually intervene. But before Nationwide closes an account, they must do so in way which is fair and complies with the terms and conditions of the account. I've looked at the terms and conditions and they state that Nationwide could close Mr M's account by giving at least two months' notice. And in certain circumstances it could close the account immediately.

In this case Nationwide closed Mr M's account with notice. However, Nationwide blocked Mr M's account. So, I consider Nationwide closed Mr M's account immediately, since he wasn't able to use the normally account following the block. For Nationwide to act fairly here they needed to meet the criteria to apply their terms for immediate closure – and having looked at these terms and all the evidence that the bank has provided, I'm satisfied that Nationwide did. And that it was entitled to close the account as it's already done.

I've then gone on to consider whether the bank's reasons for closing the account was fair. This can be due to a number of reasons and a bank isn't obliged to give a reason to the customer. Nationwide has provided some further details of its decision making process, I'm sorry but I can't share this information with Mr M due to its commercial sensitivity. But I've seen nothing to suggest Nationwide's decision around closing Mr M's account was unfair.

I understand of course why Mr M wants to know the exact reasons behind Nationwide's decision, other than what he's been previously told. And I can see that Mr M has asked Nationwide to explain itself on several occasions. But Nationwide doesn't disclose to its customers what triggers a review of their accounts. And it's under no obligation to tell Mr M the reasons behind the account review and closure of his account, as much as he'd like to know. So, I can't say it's done anything wrong by not giving Mr M this information. And it wouldn't be appropriate for me to require it to do so.

The crux of Mr M's complaint is that he wants the money in his account, which is around £5,000 returned to him. He has said that this is money he has earned through freelancing work and gifts from his family and friends to pay for treatment.

I appreciate Mr M has supplied a number of documents to Nationwide on at least two occasions. But Nationwide has confirmed that the documents provided by Mr M to date aren't enough to show he is entitled to the money in his account. Having looked at the documents, information provided by Nationwide, and what Mr M has said about the funds, I don't think that is unreasonable. This means I won't be directing Nationwide to release the money to Mr M, that's because based on the evidence I've seen, I'm not satisfied that he is entitled to the funds.

In summary, I recognise how strongly Mr M feels about his complaint, so I realise he will be disappointed by my decision. But overall, based on the evidence I've seen and circumstances of this case, I can't say Nationwide have acted unreasonably or treated Mr M unfairly in taking the actions it did. So, I won't be telling Nationwide to do anything to resolve Mr M's complaint.

My final decision

For the reasons I've explained, my final decision is that I do not uphold this complaint.

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

Sharon Kerrison

Ombudsman