

The complaint

Mr and Mrs T complain that Nationwide Building Society restricted and then closed their accounts and that it did not explain clearly what it was doing or why.

What happened

Between them, Mr and Mrs T held a number of accounts with Nationwide, including their joint account.

On 21 July 2023 Nationwide wrote to Mr T. Its letter was headed “*We’re closing your account(s)*” and went to say that Nationwide had noticed something unusual with Mr T’s account and that it was “... *going to have to close it [singular] in 60 days*”.

There followed lengthy correspondence between Mr T and Nationwide, in the course of which it became apparent that the joint account was to be closed and that, in the meantime, Mr and Mrs T would only be able to access funds by visiting their local branch.

Nationwide closed the account in September 2023.

Mr and Mrs T complained about Nationwide’s actions. They said that it had not explained clearly which accounts had been affected by the closure decision or why that decision had been taken. They thought too that Mrs T should have been told separately about any actions which directly affected her. They said that it was unfair that restrictions had been put in place and that they had not received separate payments in respect of each account, instead of a net payment.

Mr and Mrs T referred the matter to this service, where one of our investigators considered what had happened. Whilst Nationwide had offered some compensation before this service’s involvement, it increased its offer to £400 in total. Mr and Mrs T did not accept that offer or the investigator’s recommendation that they do so, and so the matter was passed to me for further consideration.

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 shall discuss first Nationwide’s decision to close Mr and Mrs T’s joint account. Generally, it is for account providers such as Nationwide to decide whether or not to provide, or to continue to provide, account services to a customer. It can exercise its own commercial in discretion in such matters and, as long as it does not do so for reasons which are not legitimate (for example, by discriminating unlawfully), this service will not usually intervene. Nationwide has provided this service with its reasons for closure in confidence, as our rules allow. I am satisfied that Nationwide’s reasons here were legitimate and that it was within its rights to remove banking services from Mr and Mrs T.

Account providers should however provide reasonable notice before withdrawing account facilities. What is reasonable depends on the circumstances, but in most cases 60 days is sufficient for a personal account. I think it was reasonable in this case.

I note that Nationwide restricted access during the notice period, and accept that this will have caused some inconvenience to Mr and Mrs T. I do not believe however that it was an unreasonable step to take.

A significant aspect of Mr and Mrs T's complaint, however, concerns the clarity of Nationwide's communications. I agree with much of what they have said about this.

I have quoted part of the closure notice above. It was not clear whether it referred to one of Mr T's accounts, some of them, or all of them. And it was certainly not clear that it was intended to refer to any joint accounts as well. No account references were provided and there was no reference to joint accounts or to Mrs T. The letter referred to an account balance, but none of the account statements I have seen appears to have had that balance on 21 July 2023.

Mrs T says that the letter should have been sent to her as well as to Mr T. The usual position, however, is that notice to one joint account holder is taken to be notice to both. That is reflected in Nationwide's account terms (at page 42 of the current version), which says that notices will only be sent to the first-named account holder. Given the lack of clarity in the closure letter in this case, however, I don't believe it would have been immediately clear to either account holder that the joint account was affected by the closure; they had to check the position with Nationwide. That would not have been necessary if the letter had been clear or if a separate letter had been sent to Mrs T.

As I have indicated, Nationwide offered a total of £400 to Mr and Mrs T to resolve matters, although my understanding is that no compensation has been paid to date. I am satisfied that was reasonable in the circumstances. I will nevertheless make a formal award of that sum. That will ensure that the offer remains open for acceptance and will enable Mr and Mrs T to enforce it, should that be necessary.

My final decision

For these reasons, my final decision is that, to resolve their complaint in full, Nationwide Building Society should pay Mr and Mrs T £400 (giving credit for any compensation it may have paid already).

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs T and Mr T to accept or reject my decision before 21 October 2024.

Mike Ingram
Ombudsman