

## **The complaint**

Mr and Mrs K complain that Nationwide Building Society ('Nationwide') blocked and eventually closed their accounts. They say this impacted them financially and led to a number of missed payments. It also had a negative impact on their working relationships and reputation.

## **What happened**

Mr and Mrs K had accounts with Nationwide for a number of years. Some were joint, some were individual accounts and others were joint with other parties. This decision is in relation to their joint account.

In September 2022 Nationwide asked Mr K to provide further information in relation to certain transactions and blocked his accounts while waiting for this information. Mr K completed the form he'd been provided with, and the accounts were unblocked a week or so later.

In late March 2023 Nationwide asked Mr K to provide copies of his self-assessment tax return within around ten days. Mr and Mrs K said that despite Mr K responding in time, Nationwide said the accounts would be frozen and refused to unblock them despite confirming it had received Mr K's tax return.

Mr and Mrs K complained. Part of their complaint related to the fact that only Mr K was notified of the accounts being blocked but the joint account holders weren't.

At the end of April 2023 Nationwide told Mr and Mrs K it would close their accounts with immediate effect. Mr and Mrs K said that again only Mr K was notified of this but not the other account holders. They said this meant that they went into an unarranged overdraft and received communication from Nationwide asking them to make immediate payment. They said they went into a branch to collect the funds they had in all their accounts but were told there was nothing outstanding for them to pay on this account. Despite this, they continued to receive correspondence from Nationwide saying they were in an unarranged overdraft. They said they tried to make this payment but as the account had been blocked this was not possible.

Mr and Mrs K added that Mr K's credit card was left open but the direct debit payment for it was cancelled as it was coming out of this (blocked) account. This meant that Mr K was in arrears when it came to paying his credit card balance which impacted his credit score. They said they eventually paid the unarranged overdraft by cheque in June 2023, but this wasn't cashed by Nationwide until a month or so later.

Nationwide issued a final response letter in May 2023 apologising for not responding to Mr and Mrs K's emails. It offered them £50 compensation which Mr and Mrs K say it proposed to pay into this account which was meant to have been closed a month earlier. Mr and Mrs K wrote to Nationwide in June 2023 asking that it removes all adverse entries from their credit files.

In June 2023 Nationwide confirmed by email to Mr K that there was £363.10 overdue on the joint account and said it wasn't sure why at the branch he was told there was nothing overdue.

Mr and Mrs K then complained to us. They said Nationwide's actions had financial and other implications on them. They said they missed mortgage and bill payments, and this impacted their working relationships with other parties. They asked that Nationwide corrects their credit files and apologises for its mistakes. They added that their credit scores had been excellent up until that point. They also asked for compensation for the inconvenience they experienced which included spending a lot of time visiting branches and liaising with Nationwide as well as the stress and anxiety they experienced as a result of the block and closure of the account. They also wanted an apology for the way they were treated.

In July 2023 Mr and Mrs K said that Nationwide contacted them and offered them £200 compensation which they again refused. Mrs K said that she got in touch with Nationwide around that time in order to request bank statements and found out that the account hadn't been closed but was still restricted. She said this left her very confused.

Around the same time Nationwide wrote to Mr and Mrs K again apologising for its errors including for not contacting Mrs K during the account review. It also apologised for not informing them about the outstanding balance when they visited one of its branches and also for the delay in clearing this balance. It confirmed that the cheque they'd sent had been credited to their account. It offered them £300 compensation including the £200 they'd already been offered.

Mr and Mrs K told us that they felt that Mr K was singled out and discriminated against as Nationwide only asked for information regarding him. But they said they didn't want their accounts reinstated. They added that they didn't think the £300 offered by Nationwide was enough to compensate them for their expenses, time spent on trying to settle various payments that bounced etc. They said this joint account was used for at least 20 regular payments including mortgage payments, service charges, council tax, utility bills etc. In addition to late payment charges they incurred, when it came to re-mortgaging two of their properties, interest rates were higher because they delayed re-mortgaging due to the impact on their credit file.

Mr and Mrs K also said that they were consistently provided with inaccurate information and got passed around from person to person. Also, each time they raised a concern a new complaint was created which led to multiple complaints being dealt with by different people and departments.

They added that they received a statement in September 2023 which showed that they had a balance of over £1,000 still left in their account which they tried to transfer into another account. When they spoke to Nationwide it said their balance was only £586.80 due to a

successful standing order payment which had been made in the meantime towards one of their mortgage providers. They said they were told there were still seven direct debits which were still active on the account as well as a number of standing orders. They say they asked for those to be cancelled and for the balance to be sent to them but Nationwide only returned a small portion of the £586.80 balance. During this time, they were still receiving letters and emails from Nationwide saying their account was frozen when it should have been closed months before.

Our investigator who reviewed the complaint made enquiries with Nationwide who said that all adverse information had been removed from Mr and Mrs K's credit files. Our investigator thought that Nationwide was acting unfairly and unreasonably when it closed the account

without giving 60 days' notice. But she thought it was fair that it removed adverse entries from Mr and Mrs K's credit files and that its £300 offer was fair.

Mr and Mrs K didn't agree and asked for an ombudsman's decision. They said that there were still adverse entries on Mr K's credit file even though Mrs K's has been rectified.

Our investigator didn't change her view. She said she wasn't able to look into any issues that arose after the complaint was brought to us. These included the fact that they only received part payment of their £586.80 balance and also that they are still receiving letters from Nationwide to say that the account was frozen. And she didn't think any late mortgage payments incurred were down to Nationwide as they were due to be collected from another bank account in another bank.

Mr and Mrs K still disagreed. They said they continued to receive conflicting information from Nationwide as to the status of their account which now appears to be frozen as opposed to closed. They said if the account is frozen, they will be unable to withdraw any further funds. They said that the stress they have suffered is ongoing due to this misinformation and do not feel that these are new issues.

The complaint was then passed to me to decide. Before I issued my decision, I went back to Nationwide to say that Mr and Mrs K have shown that there are still adverse entries on Mr K's credit file in relation to unpaid credit card balances for June and July 2023. And I also pointed out that they were still receiving letters regarding their account being frozen despite Nationwide saying they were going to be closed a long time ago.

Nationwide responded to say that the account would be closed in June 2024, but in the meantime was restricted. It added that it once again checked and there are no arrears markers in relation to this account. Though it doesn't form part of this complaint as it relates to Mr K's credit card and not the joint account he has with Mrs K, we went back to Nationwide to clarify that Mr K is referring to adverse entries in relation to the credit card.

In my provisional decision I said:

*It might be helpful if I start by explaining that our service doesn't punish or fine businesses, and it's also not our place to say that a procedure the business follows is incorrect. Only the industry regulator, the Financial Conduct Authority (FCA), can do this. Businesses have legal and regulatory obligations they have to meet, and they have processes in place in order to meet these obligations. They can broadly be summarised as a responsibility to protect persons from financial harm, and to prevent and detect financial crime. To comply with its obligations Nationwide may need to review an account and/or restrict its customers' access to accounts and funds held within them. Nationwide terms and conditions also allow it to close an account in exceptional circumstances. So, our role in cases like this one, is to look at whether the business has followed its own internal procedures correctly, while also meeting its legal and regulatory obligations.*

*Nationwide initially decided to block the account in September 2022 but quickly unblocked it. It decided to carry out a further review in April 2023 and proceeded to once again block the account. As I said above Nationwide has legal and regulatory obligations it needs to comply with and in order to do so it sometimes may need to review an account. And we don't think it needs to provide a reason for doing so. So, I don't think Nationwide's actions were unfair or unreasonable in this regard.*

*After Mr K provided the information that was requested from him Nationwide decided to continue to block the account and shortly thereafter it confirmed that it would proceed to close it with immediate effect. As I mentioned above, Nationwide's terms and conditions*

allow it to close an account with immediate effect under certain circumstances. Mr and Mrs K say the immediate closure meant that they didn't have time to make arrangements for payments including direct debits and standing orders to be paid which meant that they were late making some of their mortgages and bill payments including Mr K's credit card.

Even if I were to say that the immediate closure wasn't justified, I do think that based on the information provided to us, some of which is confidential and which I can't share with Mr and Mrs K, Nationwide's decision to close the account was fair and reasonable. So, even if I thought Nationwide should have given Mr and Mrs K 60 days' notice before closing their account, any award I would have made for this would not have exceeded the £300 Nationwide has already offered them. I appreciate that Mr and Mrs K may have had some late payment fees but those were far lower than the £300 Nationwide has offered.

Mr and Mrs K say that in addition to the charges, they also had the inconvenience of making other banking arrangements, liaising with Nationwide in order to withdraw their funds, finding out the status of their account which wasn't always clear due to misleading messages they were given. And they were also given misleading information when they went into branch which meant that there were delays in their unarranged overdraft being cleared. Nationwide acknowledged that there were delays in it cashing Mr and Mrs K's cheque for their overdraft and it has apologised for this. I appreciate it would have been distressing finding out that their account was being closed particularly as they say they had around 20 direct debit/standing order payments they had to move. And I appreciate that after banking with Nationwide for many years they expected that it would have made the process smoother for them. I have borne all this in mind but, again, any award I would have made in relation to this level of inconvenience would not have exceeded the £300 Nationwide has already offered. Our awards levels are modest, and they are not meant to be punitive.

Mr and Mrs K also said they were unhappy that Nationwide's communications were only with Mr K and that Mrs K wasn't contacted to say the account was being blocked. Nationwide has acknowledged this shouldn't have happened and apologised. It's £300 compensation offer was partly due to this. For the reasons I gave above regarding our awards, I wouldn't be asking Nationwide to increase its overall award.

Mr and Mrs K said they were still not sure as to the status of their account and were still receiving letters from Nationwide saying their account was frozen and others to say it had been closed. This is an ongoing issue and some of these letters were received after the complaint came to us so aren't strictly something I can look into. But I think the impact on Mr and Mrs K would be minimal as, as far as they were concerned, they haven't been able to use the account since April 2023 and have made other arrangements. In any event, Nationwide has acknowledged that the account was blocked but hadn't been closed as a result of an error. It has now confirmed that the account closed in July 2024.

Mr and Mrs K say that their credit files have been impacted by the fact that the immediate block meant that some of their pre-arranged payments didn't go through and became overdue. Nationwide said that it updated their credit files and removed adverse entries. Mrs K has told us that adverse entries remain on Mr K's account and that those relate to missed credit card payments. She said those payments were missed because Nationwide blocked this account which was the account they were using to pay Mr K's credit card by way of a monthly direct debit. We have gone back to Nationwide to clarify this point even though I don't think this forms part of this complaint as it relates more to Mr K's credit card. Nationwide has previously said all adverse entries had been removed but if Mr and Mrs K are still unsure this is something they could also raise with the relevant credit rating agency.

In relation to their mortgage interest rates going up because they had to wait, this isn't something that I think was raised with Nationwide at the time and I am afraid it also needs to

*form part of a new complaint. Mr and Mrs K will have to show evidence that the only reason their mortgage interest rates went up was down to Nationwide.*

*Mr and Mrs K have added that in September 2023 they were told their account balance was £586.80. But Nationwide only returned a small part of that to them. From the statements they provided to us from October 2023 it seems £86.80 and £60 was returned to Mr K and £440 was thereafter paid towards a credit card bill (possibly Mr K's credit card). So it seems the funds were still used by Mr and Mrs K. But as our investigator said as this is something that happened after the complaint came to us this is something they would have to raise with Nationwide separately if they were still unhappy.*

*I have also looked into the point about Mr K being discriminated against due to him being the only person who was asked to provide information about his finances. While I appreciate this is his perspective, I want to clarify that this service is unable to make a finding on whether or not something constitutes discrimination as per the Equality Act, only the courts have the power to decide this.*

*I have, however, considered the relevant law in relation to what Mr K 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. But after doing so I've not seen evidence to indicate Mr K was treated unfairly. So I haven't found that Nationwide's behaviour was improper.*

### **Responses to my provisional decision**

Mr K and Mrs K have made no further comments to my provisional decision. Nationwide have said they accept my provisional 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.

Although Mr K and Mrs K and Nationwide have not provided any further comments, I have nevertheless re-considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. I have seen nothing to change my mind and so my provisional findings stand.

I remain of the view that this complaint should be partially upheld for the reasons set out in my provisional decision, which are repeated above and form part of this decision.

### **My final decision**

For the reasons stated above I partially uphold this complaint and direct Nationwide Building Society to pay Mrs K and Mr K £300 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs K and Mr K to accept or reject my decision before 3 September 2024.

Esperanza Fuentes  
**Ombudsman**