

The complaint

Ms E complains about the service she received from Nationwide Building Society (“Nationwide”) when it applied a block to her account following an attempt by her to make a transfer of £4,500 from her account to an individual regarding a medical procedure she wished to have. Ms E believes the actions Nationwide took to be excessive and unnecessary especially considering it was a one-off payment and cancelled on the same day she attempted to make it.

What happened

On 7 July 2023 Ms E attempted to make a payment of £4,500 online to a third-party account from her Nationwide account. Nationwide’s systems flagged the transaction for further security checks having picked up the transaction as a potential scam for which Ms E says she received a message on her computer about and following which she had a call with Nationwide’s fraud team.

During the call Nationwide’s rep asked Ms E a number of questions about the payment and recipient of the funds which Ms E initially answered as well as confirming that the payment was to a medical doctor and their area of expertise. But as the questions became more intrusive Ms E became uncomfortable – given the payment was for a private medical procedure – and declined to answer, instead asking to cancel the payment.

Nationwide’s rep explained further questions would need to be answered due to the level of fraud and scams that are currently taking place such as customers being impersonated or being told to lie to the bank which makes it easier for them to be a victim. Nationwide’s rep said that the payment can’t be cancelled and that the account would remain blocked until the information was provided - despite Ms E making the cancellation request. Both Ms E and her son explained that she didn’t want to divulge any further information about the medical procedure to Nationwide and the call was ended.

Ms E’s statement shows there was a “correction of Transfer” of the payment on the same day and that £4,500 was credited back to her account.

Suffering from mobility issues, Ms E needed assistance to visit a branch of Nationwide and waited until her son was available to take her on 13 July to withdraw money from her account. During this visit Ms E confirmed where the recipient was based as a doctor, what hospital they worked at and explained they also had a private practice and was made aware of the doctor by a friend’s recommendation. This information was conveyed by a staff member in branch over the phone to Nationwide’s fraud team.

Nationwide’s fraud team rep had concerns over the payment being made to a private individual rather than a business and asked how Ms E got the account details of the individual to which Ms E confirmed by email. The rep asked for a copy of the email with the invoice so it could see the source of the account details to confirm its legitimacy, but Ms E wasn’t comfortable sharing this information even if Ms E redacted part of the information shared. The Nationwide rep agreed to lift the block on Ms E’s account so she could withdraw

money from her account (limited by Nationwide to £200) following which it would reapply the block to her account.

Ms E made withdrawals from her account in branch of £200 on 13 and 20 July, and £500 on 28 July and 11 August (following Ms E opening a savings account and transferring in £8,000 and Nationwide applying a withdrawal block on these funds).

Nationwide says during Ms E's visit to branch on 11 August it explained the block was there due to Ms E not providing the information it requested, but after further objections from Ms E, its fraud team was able to block the payee and have the block lifted from Ms E's current account, but the block applied to her savings account wasn't lifted until 21 August. Ms E says she wasn't informed the block was lifted and only found out on 19 August when she successfully made a purchase online.

As well as branch visits Ms E contacted Nationwide to complain on several occasions and highlighted her mobile phone bill hadn't been paid due to the block and the consequences of this. Nationwide have acknowledged her letters and emails weren't responded to and a follow up to her complaint wasn't created.

Nationwide didn't uphold Ms E's complaint as it says the actions it took were in line with its terms and conditions, it followed the correct procedures when it suspected a transaction was fraudulent and it couldn't identify it had made an error.

Ms E very unhappy with this and brought her complaint to this service.

Our investigator asked Nationwide whether it was possible for it to carry out the process earlier in terms of removing the block and just blocking the recipient given Ms E's health issues and the number of trips she'd made to branch.

Nationwide responded saying it couldn't remove the restrictions any sooner until Ms E provided evidence to support the legitimacy of the payment. Nationwide says the restrictions were added on 7 July with a 4 week' expected investigation and contact date. It says due to the mobility issues Ms E had and her continuing to refuse to co-operate the decision was made to remove the restriction on 11 August with the understanding that it wouldn't make any payments to that payee but acknowledge this was 5 days after its investigation should've been completed.

Overall, our investigator didn't think Nationwide had treated Ms E unfairly or had made an error in applying a block to Ms E's account as it has a duty of care to safeguard its customers money and the account terms and conditions allowed Nationwide to do this. They thought Nationwide had legitimate concerns and had explained this to Ms E and as it did allow her to withdraw money from her account and she had alternative means of making payments they didn't think Nationwide had treated her unfairly.

Ms E strongly disagreed with this, she says due to the difficulties she was having with Nationwide she applied for a basic bank account with another provider in the latter half of July but that it took 10 days to open and would take longer to switch her account out. Ms E says her monthly mobile phone contract was suspended due to a missed payment in July caused by the block and although it was reinstated, she is now paying more per month for her mobile phone contract.

Ms E says she understands the need for Nationwide to safeguard its customers against fraud and illegal activities and so accepts its reasons for blocking the payment. But doesn't accept blocking her account was necessary and this action was excessive, especially since

Nationwide could've just blocked the payee as it eventually did. As a result of Nationwide's actions Ms E says:

1. An important family holiday was ruined due to the restricted access to her funds;
2. Has been inconvenienced and distressed by repeated visits to branch to withdraw funds which also caused her physical pain due to the mobility issues she suffers from and was degraded having what she feels is to beg for her own money;
3. Has had to rely on family for assistance and support financially due to the restrictions Nationwide has imposed on the amount of money she can withdraw;
4. As her standing order for her mobile phone bill payment didn't go out in July her safety was put at risk when she couldn't use her phone; and
5. Feels her privacy has been breached being forced into revealing personal information regarding medical procedures.

Ms E says she spent 100's of hours trying to sort this out and wants to be compensated substantially for the distress and inconvenience she's suffered as a result of Nationwide's actions and has asked for an ombudsman's decision.

I issued my provisional decision on 10 July 2024. In my provisional decision, I explained why I was proposing to uphold Ms E's complaint. I invited both parties to let me have any further submissions before I reached a final decision.

Nationwide replied with some questions regarding what alternative options it had to provide access to Ms E's money that wouldn't have left it at significant risk which I believe was covered in my provisional decision below which forms part of my final decision. And Ms E has provided a detailed response which reinforces the strength of her feelings about the matter and the impact Nationwide's actions had on her, but overall hasn't provided any new information.

Neither Ms E or Nationwide have accepted 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.

In my provisional decision I said that:

"I've provided a detailed background of Ms E's complaint above which I think is an accurate reflection of what happened and led to Ms E bringing her complaint to this service. And I've no doubt from the volume of submissions Ms E has made to both this service and Nationwide, how strongly she feels about what happened and how invested she is in her complaint - the crux of which is that the actions Nationwide took when applying blocks to her account were excessive and unnecessary when it had alternative ways to safeguard her money, and its actions resulted in her suffering significant inconvenience and distress for which she wants to be compensated.

It might be helpful for me to say here that, I don't have the power to tell Nationwide how it needs to run its business and I can't make Nationwide change its systems or processes – such as how or when payments are held for fraud prevention or restrictions are applied to a customer's account. Nor can I say what procedures Nationwide needs to have in place to meet its regulatory obligations. We offer an informal dispute resolution service and we have no regulatory or disciplinary role.

That said I don't think it was unreasonable for it to have systems and procedures in place – in this case carrying out checks on outgoing payments that meet certain criteria for fraud/scam prevention - to ensure the transactions are legitimate and it meets its regulatory requirements providing they are proportionate and applied fairly. As Ms E has acknowledged this is needed not only to protect businesses against criminal activity, but also their customers.

As stated above it is very clear to me how distressing this matter has been for Ms E – and I sympathise. And having considered everything carefully I'm currently intending to uphold Ms E's complaint. I say this because although I don't think Nationwide did anything wrong or treated Ms E unfairly by blocking the payment she wished to make until it could satisfy itself of its legitimacy, I don't agree the continued application of restrictions to Ms E's account – outside of this payment – for over a month was a proportionate response when Nationwide had alternative options it could use to safeguard Ms E's money.

Indeed, Nationwide was able to limit the restrictions applied to Ms E's account on 11 August and block the payment it had concerns about to the intended recipient despite not receiving all the information it deemed necessary. And despite our investigator asking Nationwide why it couldn't lift the restrictions to the account sooner, it in my mind has failed to answer this question.

I accept that by not blocking Ms E's account and just restricting the payment to the intended recipient it may have been possible for Ms E to make a transfer to an alternative bank account or withdraw sufficient funds and make the payment that way and I appreciate Nationwide's concerns around that.

But Ms E had as far as I'm aware no previous history of fraudulent activity on her account, hadn't been the victim of a scam and she had been consistent in the details provided about the payment recipient and what the payment was for. Ms S also had made it clear not providing further detail was really about not wanting to divulge personal details about a medical procedure she wanted to undertake, rather than anything else and that if Nationwide didn't want to accept this it should just cancel the payment.

I accept that Nationwide did allow Ms E to withdraw £500 on 28 July following her agreeing to open a savings account with it and transferring the bulk of her funds (£8,000) to this account which Nationwide then applied a block. But again, given the circumstances, I think this type of continued restriction went too far.

Nationwide say that its terms and conditions allow for it to take this action. And I agree, but that doesn't mean it has to take this action.

So although I think that Nationwide's actions were fair and reasonable in applying the block to the payment and perhaps the account initially, given the amount and few details Ms E had provided during the first phone call, I don't think following the visit to branch on 13 July this to be the case.

By this point Ms E had presented herself to branch with her son and provided some more details about the recipient and the reason for the payment - with her son also confirming the same. And although Nationwide still weren't satisfied regarding the identity of the recipient and legitimacy of the payment, I think given Ms E had said she no longer intended to make the payment from her account, her mobility issues and having to rely on family to escort her to branch, Nationwide should've done more to support her and explored other options rather than continuing to block access to her account, use of her debit card or make any payments and limiting a withdrawal from her account to £200. Indeed, having listened to the internal phone recording between Nationwide's staff it is clear to me they felt the same way.

As a result of the continued blocks to Ms E's account – which I note ran outside its 4-week investigation window - Ms E had to for over a month make continued - and I what I understand physically painful visits due to mobility issues - to branch to withdraw funds. Was limited in her spending ability when wanting to take a vacation with her son and effectively had Nationwide decide how much money she needed and had her mobile phone contract suspended, all of which was highly inconvenient and undoubtedly very distressing.

I also note that despite both writing and emailing Nationwide about the continued upset not having access to her account was causing her, Nationwide failed to respond. So on this basis - although I don't think there has been any significant direct financial loss as a result of Nationwide's actions, I currently think that Nationwide should compensate Ms E £1,000 for the distress and inconvenience caused by not lifting the overall restrictions to her account sooner than it did."

Ms E wants my decision to reflect that the actions Nationwide took were dangerous and put her at risk for no reason. But my decision and findings can only be based on what I think happened based on the evidence, not what might have happened, and in any case, I think the detailed background to this complaint reflects what happened.

We provide an informal dispute resolution service looking at what's fair and reasonable in each individual complaint. This service doesn't supervise, regulate or discipline the businesses we cover. And my role isn't to punish or penalise businesses for their performance or behaviour – that's the role of the regulator, in this case the Financial Conduct Authority.

Ms E also doesn't believe I gave enough thought or weight to the fact Nationwide stopped the payment to her mobile phone putting her phone service at risk and indeed her lifeline and safety. She's also extremely upset that Nationwide's actions prevented her participation in a family holiday and the importance of this given her age and health.

I want to assure Ms E that this and the impact of Nationwide's actions was considered carefully and fully and that is the reason I've decided to uphold her complaint and I am awarding significant compensation of £1,000.

So it follows as neither party has provided any new material evidence or arguments for consideration, I see no reason to depart from the conclusions set out in my provisional decision and I uphold Ms E's complaint and direct Nationwide to compensate Ms E £1,000 for the distress and inconvenience caused by its actions.

My final decision

For the reasons I've explained, I uphold Ms E's complaint against Nationwide Building Society.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms E to accept or reject my decision before 6 September 2024.

Caroline Davies
Ombudsman