

The complaint

Mr and Mrs M complain that Nationwide Building Society froze their bank accounts without notice or lawful reason. They'd like to be compensated for this.

What happened

Mr and Mrs M hold a number of accounts with Nationwide. But in July 2023 they found that their accounts were restricted, and they couldn't make payments from them. When they contacted the society, they weren't given any explanation for the blocks, or any timescales when it would be resolved. Nationwide instead pointed to their terms and conditions which they said allowed them to do this.

Mr M later found that in August 2023 a restraint order had been sent to Nationwide, who had deducted £695,000 from a savings account. The rest of the restrictions were removed from the accounts. Mr M disputed this order with the courts, and it was later dismissed. The funds were returned to his savings account.

Unhappy with what had happened Mr and Mrs M referred their complaint to our service. One of our investigators looked into it but didn't think Nationwide needed to do anything further. They reasoned the society were complying with their regulatory requirements, and while no doubt inconvenient for Mr and Mrs M, there hadn't been an error made.

Mr M disagreed, saying that his complaint points hadn't been addressed – including whether the interest had been credited to the amount Nationwide deducted, and that he'd been charged a fee for a CHAPS payment. But the investigator didn't think this changed anything – they were satisfied that the interest would be credited, and that the CHAPS fee was charged in line with the agreed terms. But Mr M still felt that his complaint hadn't been answered correctly.

As no agreement could be reached the complaint has been passed 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.

The summary of events above is brief, and in far less detail than both parties have given. I don't intend any discourtesy in taking this approach. Instead, I've focused on what I consider to be the key issues involved here. The rules of our service – The Dispute Resolution (DISP) rules in the Financial Conduct Authority's handbook – provide me the discretion to do this. This is to reflect the informal nature of our service, as an alternative to the courts. If I haven't mentioned something in particular either party has submitted, this isn't because I've not considered it or taken it on board. Rather I do not feel I need to comment on it to reach a fair and reasonable outcome.

And as an alternative to the court system, it's not my role to determine the lawfulness of Nationwide's actions. Instead, my remit is to decide whether they've been fair and

reasonable. This takes in to account the relevant law, but also considers industry and regulatory guidelines, codes of conduct, the terms of the accounts and what I consider to be good practice.

DISP 3.5.9R allows me to treat certain evidence in confidence where appropriate – such as if it contains confidential information about third parties or security information. I'm satisfied that some of the information supplied by Nationwide should be kept confidential. So, I'm sorry to Mr and Mrs M that I won't be able share a significant amount of detail in this decision. But I would assure them that I've considered everything carefully.

Account blocks

Nationwide, like all financial firms in the UK, are strictly regulated. I can see in their responses to Mr M's complaints they've referred to their legal and regulatory requirements. These obligations are placed on them monitor new and existing relationships, alongside account activity. Sometimes they will need to look more closely at particular accounts or transactions. And it may be necessary for them to block the activity on accounts while they do so – there is provision for this in the terms on Mr and Mrs M's accounts with the society.

There's no specific obligation for Nationwide to explain the nature of the concerns, or reason for the review, to Mr and Mrs M. And they have declined to discuss this in detail here. It wouldn't be appropriate for me to require them do so.

But Nationwide have supplied this information to our service. Having considered the nature of this evidence carefully I see that it's appropriate for me to treat this as confidential, as DISP 3.5.9R allows.

I'm satisfied that Nationwide's decision to block the accounts was reasonable. This was in line with their legal and regulatory obligations, and within the terms of the account. This will have been incredibly disruptive to Mr and Mrs M, and I'm sure will have caused them a degree of concern. But I'm not persuaded this was an error on Nationwide's part, rather it was a reasonable decision they were entitled to make. It follows that I wouldn't look to compensate Mr and Mrs M for any distress or inconvenience that flows from the society's reasonable actions.

I can see from the current account statements that the blocks were removed in early August, and regular transaction began again after this. So, I'm satisfied there were no unreasonable delays in removing the blocks.

Removal of funds from the savings account

On receipt of the restraint order for £695,000 on 1 August 2023, Nationwide deducted this from Mr M's savings account. This is what I would expect them to do in the circumstances.

Mr M has said that Nationwide should have known that the reasons given for the order were unfounded. But I don't see it would be reasonable to expect Nationwide to refuse to carry out the actions indicated in a court order. So, I'm not persuaded that they have done anything wrong by following it.

When the order was subsequently withdrawn on 16 August 2023. I can see from Nationwide's technical evidence the funds were recredited on 17 August 2023. Mr M has argued that the funds weren't made available until 21 August 2023. I'm not persuaded this was the case. But even if it were I'm not minded this would be an unreasonable delay. And in any event the evidence provided shows that the funds were backdated to 1 August, so I'm satisfied that Mr M won't have missed out on any interest associated with this amount.

Summary

I've considered the CHAPS fee Mr M has mentioned. But this was just the agreed fee for processing CHAPS payment, as set out in the terms of the account. So, I'm not minded that Nationwide ought to refund it. Likewise, I've seen that Mr M was unhappy with the information Nationwide shared with him, including that details were removed from a subject access request he made. It's not for me to decide what should, or should not, be included in a subject access request. But I'm satisfied that the information provided was reasonable.

Overall, I'm not persuaded Nationwide have treated Mr and Mrs M unfairly here. I acknowledge that the blocks in particular will have been disruptive to their lives. But as mentioned I'm satisfied this wasn't unreasonable. I'm conscious this will be disappointing to Mr and Mrs M, but I do not see that Nationwide need to do anything further here.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M and Mr M to accept or reject my decision before 27 December 2024.

Thom Bennett
Ombudsman