

The complaint

Mrs G complains that Nationwide Building Society ('Nationwide') blocked her account and withheld her money.

What happened

Mrs G is represented in this complaint by a person she appointed to act on her behalf.

In November 2023 Mrs G opened an account with Nationwide.

On 12 January 2024 Mrs G visited a Nationwide branch with a friend to pay in a cheque of £1,000 from the friend to Mrs G.

On 15 January 2024 the friend transferred £2,000 to Mrs G's account.

Nationwide blocked Mrs G's access to the account and asked Mrs G for proof she was entitled to the funds that had been paid to her and evidence showing where the funds came from.

Mrs G sent an explanation to Nationwide saying the funds were for renovation work and a holiday. Mrs G also said she couldn't provide statements from her friend because her friend deemed the statements to be private and he wouldn't be sending them to Nationwide.

In February 2024 Nationwide told Mrs G it had decided to close her account in 90 days. It moved the £3,000 her friend had credited to Mrs G out of Mrs G's account and into its sundries account. Nationwide told Mrs G the reason it was closing her account was it had concerns about credits she'd received and it hadn't been able to get satisfactory information or evidence from Mrs G about the credits.

In March 2024 Nationwide transferred a further £1,500 into its sundries account after Mrs G's friend transferred that amount to her. The friend told this service he'd transferred £1,500 to Mrs G's Nationwide account by mistake.

On 15 March 2024 Mrs G visited the branch with her friend and provided an account statement from the friend. She asked Nationwide to return the funds to the friend. Nationwide sent the statement to the wrong mailbox and so it didn't reach the correct team until 11 April 2024.

After reviewing it Nationwide said the statement wasn't sufficient because it didn't show the origin of the funds that were transferred to Mrs G. Nationwide said it needed further statements. Mrs G's friend said the further statements contained information that was confidential and he didn't want Nationwide seeing the statements.

Mrs G complained to Nationwide. She said she'd submitted information to Nationwide. And she wasn't happy Nationwide was withholding her funds.

On 2 May 2024 Nationwide replied to Mrs G's complaint. It said, in summary, the following:

- It took too long to review evidence Mrs G had given Nationwide. And for that Nationwide wanted to pay her £50 to say sorry. Mrs G hadn't accepted Nationwide's resolution but she could still accept the £50 if she wanted to.
- Apart from that Nationwide had correctly followed its process for blocking accounts and requesting evidence.

On 7 May 2024 Nationwide wrote to Mrs G saying it had now closed her account. It asked for her bank details so it could transfer the balance that remained which was £10. And it said that alternatively Mrs G could withdraw the balance in a branch.

Mrs G referred her complaint to this service.

One of our investigators looked into Mrs G's complaint. In summary she said the following:

- Nationwide had ongoing legal and regulatory obligations it had to comply with when providing accounts to its members. This involved reviewing and monitoring its members' accounts.
- In keeping with its responsibilities to know its customers, verify the sources of their income, detect, and prevent financial crime, Nationwide was entitled to restrict access to Mrs G's account and ask her for information about the funds she received. The investigator couldn't say Nationwide should've released the funds to Mrs G if it wasn't satisfied the evidence from her proved she was entitled to the funds.
- Nationwide was entitled to exercise legitimate commercial judgement about whether to continue to offer its services to a member – just like Mrs G could decide to close her account any time if she wanted to. But Nationwide should exercise that judgement in a way that's in line with the terms and conditions of the account. Nationwide's terms said it could terminate an account immediately in certain situations or with two months' notice. Nationwide's decision to close Mrs G's account was one it was entitled to make. And Nationwide gave her more notice than the two months stated in its terms.
- Nationwide delayed reviewing the friend's bank statement which Mrs G provided in March 2024. This caused Mrs G to make further contact to chase a response. Although Nationwide decided the statement wasn't sufficient, Nationwide should've reviewed the statement sooner to let Mrs G know that it wasn't sufficient. The £50 Nationwide offered Mrs G in recognition of this was fair and reasonable in the circumstances.

Nationwide accepted the investigator's view. Mrs G didn't agree. Mrs G's representative said Nationwide had been given enough information to know the source of the funds and so it should've released the funds.

Because no agreement could be reached the complaint was passed to me to review afresh and make a 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.

Having done so, I think the offer from Nationwide was fair. I'll explain why.

I first want to set out that our rules allow this service 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 for our investigation of Mrs G's complaint is information we consider should be kept confidential. This means there's some detail I won't share with Mrs G. But I'd like to reassure her I've considered everything.

In short the information I've accepted in confidence from Nationwide is of a nature that shows Nationwide had fair reasons for suspending Mrs G's access to her funds and asking for information from her about the source of the funds. And I'm satisfied too that doing that was in line with the account's terms and conditions.

Nationwide has strict legal and regulatory responsibilities it must meet when providing account services to its customers. These responsibilities can broadly be summarised as a responsibility to protect persons from financial harm, and to prevent and detect financial crime.

As has been explained by Nationwide and the investigator, the reason Nationwide asked Mrs G to provide information about her finances was because it was obliged to adhere to these responsibilities. And so it was fair for Nationwide to ask for information when it had concerns about the source of funds in Mrs G's account.

I appreciate Mrs G and her friend might've felt the information Nationwide requested was intrusive and unnecessary. But the information Nationwide was asking Mrs G to provide is reasonably standard information that banks and other financial businesses seek, to help them adhere to their responsibilities. It's not in my remit to determine what questions Nationwide should ask its customers. And there's no fixed set of questions.

I know Mrs G and her friend provided some information to Nationwide. And they said Nationwide should be satisfied with what they provided because, in their opinion, it showed the source of the funds that Nationwide was concerned about. I can sympathise with any frustration Mrs G feels on this point, but it remains the case that it's for Nationwide to decide when its concerns have been satisfied. Nationwide communicated why it needed the information it asked for. And, having considered its position, I don't have a basis to say it's unfair or unreasonable.

So I can't conclude Nationwide acted unfairly by blocking Mrs G's access to funds and asking for information. And I also can't conclude it was unfair for Nationwide to ask for further information after Mrs G provided some information.

But I do agree Nationwide made an error handing the information Mrs G submitted in March 2024. And that error meant Nationwide took longer than it should have to tell Mrs G the outcome of its review of the information. As it was, Mrs G didn't provide what Nationwide asked for after it had told her the outcome of its review and requested further information. So I don't think this delay caused Mrs G any actual loss. But it would have frustrated and inconvenienced her. And I think the £50 Nationwide has offered is appropriate compensation for that.

I understand Nationwide hasn't yet paid the £50 it offered because Mrs G didn't accept the offer. So I'm including an order here for the £50 to be paid unless it already has been.

Putting things right

To put things right for Mrs G, Nationwide Building Society must pay her £50, if it hasn't already done so, for the distress and inconvenience its delay caused.

My final decision

Nationwide Building Society has already made an offer to pay Mrs G £50 compensation for distress and inconvenience it caused by blocking and closing her account. I think the offer is fair in all the circumstances of this case. So my final decision is that, if it hasn't already done so, Nationwide Building Society must pay £50 to Mrs G.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs G to accept or reject my decision before 2 December 2024.

Lucinda Puls
Ombudsman