

The complaint

Mr A complains that Nationwide Building Society repeatedly blocked account payments so that he wasn't able to use his account.

What happened

In late October 2023 Mr A tried to purchase some US dollars, but the transaction was blocked. He went into his local branch of Nationwide and says that the staff couldn't understand why. He said he would be withdrawing £3,000 cash in the following week, but when he tried to do this the transaction was again blocked. He had to seek the help of the branch manager to take out his money.

After that Mr A says that his account was blocked, making difficulties for him as he travelled abroad for the winter months. He also says that his direct debits were blocked leading to his road tax not being paid and his car being seized. He says he tried on many occasions to get through to Nationwide from where he was living but he couldn't get through to its contact lines. He says he sent letters by post but didn't receive any response.

Nationwide admitted Mr A's account had been blocked. It explained that the initial blocks on the account were due to its fraud detection process and that it couldn't do anything about that. However the account was blocked again in November 2023 due to an internal error. Nationwide did point out that its fraud team had attempted on a number of occasions to speak to Mr A about his complaints about the account being blocked. The account block was lifted in April 2024.

On referral to the Financial Ombudsman Service, our Investigator said that because of Nationwide's admitted error, Mr A was blocked from being able to use his account from November 2023 to April 2024. Whilst Nationwide's advisers tried to contact Mr A, they wouldn't have been doing so in respect of the block being put on in error. However, she couldn't see evidence that there was any direct debit set up for Mr A to pay his road tax. And statements of his account showed that direct debits were paid during the period in question. She also said that Mr A had access to a credit card account which he used during the same period.

Our Investigator proposed that Nationwide pay compensation of £300.

Mr A did not accept that and said that his credit card was subject to a £1,000 limit and the card would be stopped when he reached the limit. He also said that recently he has had further trouble with his direct debits not being paid causing his car to be uninsured.

The matter has been passed to me for an Ombudsman's 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.

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Firstly I'm considering here Mr A's complaints that his account was blocked and that he couldn't get through to Nationwide to unblock it. He has made a further complaint since April 2024 about direct debits not going out of his account. However, that will have to be put to Nationwide to investigate first. I can't consider it here.

Unfortunately there isn't any action I can take to prevent Nationwide from placing legitimate blocks on Mr A's account due to its fraud detection process, as it is an automatic process which can't be overridden. Even if Mr A gives notice that he's going to be abroad.

That said, I understand that Mr A's account was blocked in early November 2023. That block was removed, but a further block was then put on the account, apparently in error. It appears that Nationwide did attempt to contact Mr A but it wasn't concerning this particular block. It wasn't until April 2024, and after Mr A had referred his complaint to this Service, that Nationwide removed the block.

Mr A says that he sent multiple letters to Nationwide by post. He says that as he was abroad he couldn't access the online chat nor could he afford the cost of telephoning Nationwide. Nationwide has admitted receiving his letters and says that it replied to them in respect of another complaint which Mr A made jointly with his wife concerning his wife's account. However I don't think that at the time Nationwide realised that Mr A's account had been blocked in error. I accept that Mr A made substantial efforts to contact Nationwide during this period.

So I have to consider the distress and inconvenience to Mr A and any financial costs. Though it wasn't convenient for him, he tells us that he did have access to a friend's account. Also I've seen his credit card statements again for the period in question. I understand that he was not charged foreign exchange fees. He was able to make substantial payments on the credit card and had a direct debit set up which paid off the balance every month. Whilst Mr A has said that he would have needed to take out cash and be charged for doing so, he did not in fact do that. So I don't think that Mr A suffered financially by not having access to his current account.

As regards postage costs, I've seen no documentary evidence from Mr A of any cost incurred here, but I have taken into account the inconvenience of him having to communicate by post. I think the difficulties caused by Mr A being abroad and not having access to the branch, online chat or free telephone calls caused particular difficulties for him and I accept that he was extremely frustrated at not being able to use his account. Our Investigator proposed that Nationwide pay £300 compensation and I think that is fair and reasonable in the circumstances of this case.

As regards future contact with Nationwide whilst Mr A is abroad, I can't direct Nationwide to do anything specific here. It doesn't appear to have a general e-mail to deal with consumer queries. It appears that the fraud detection process blocked some large payments to take out dollars. I haven't seen any evidence that it blocked Mr A from his general spending when he was abroad.

Putting things right

Nationwide should pay Mr A £300 compensation.

My final decision

I uphold the complaint and require Nationwide Building Society to provide the remedy set out under “Putting things right” above.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr A to accept or reject my decision before 2 December 2024.

Ray Lawley
Ombudsman