

The complaint

Mr S has complained, via a representative, that Nationwide Building Society (“Nationwide”) placed restrictions on his Nationwide accounts.

What happened

Nationwide carried out a review of Mr S’s accounts, and as a result placed restrictions on Mr S’s accounts in February 2024, whilst it continued with its review. These restrictions prevented Mr S’s representative from making payments from Mr S’s account. Also, Nationwide removed the Power of Attorney that had been granted for Mr S’s son, that had been registered on his account. This meant that Mr S’s son is no longer able to act on Mr S’s behalf in relation to Mr S’s accounts. Mr S’s representative has explained that Mr S has now accrued outstanding debts owed to various utility companies due to the restrictions that have been placed on his account.

Unhappy with Nationwide’s actions, Mr S’s representative (Mr S’s son) complained to Nationwide. Nationwide issued its final response on 14 May 2024 and didn’t uphold the complaint. Nationwide said that it is unable to reinstate the Power of Attorney, and that it wouldn’t be able to make a payment that Mr S’s son had requested to be made from Mr S’s account.

Mr S’s son then referred the complaint to this service for an independent review. One of our investigators assessed the complaint but they were unable to uphold the complaint.

As Mr S didn’t agree with the investigator’s conclusions, the matter was referred for an ombudsman’s 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 reviewed everything, I’m unable to uphold this complaint, for broadly the same reasons that the investigator provided in their assessment of the complaint.

As the investigator has already explained, Nationwide has important legal and regulatory responsibilities to meet when providing accounts to customers. Those obligations are ongoing and don’t only apply when an account is opened. They can broadly be summarised as a responsibility to know its customers, monitor accounts, verify the source and purpose of funds, as well as detect and prevent other financial harm.

Nationwide will review accounts to comply with these responsibilities. It’s common practice for banks and other financial service providers to restrict access to accounts to conduct a review - doing so helps prevent potential financial loss or other harm (to both itself and to its customers) that could otherwise result whilst a review is in progress.

Having considered all of the evidence that has been provided, including the information Nationwide provided, I'm satisfied that Nationwide was acting in line with its legal and regulatory obligations when it restricted Mr S's accounts in February 2024. I'm also satisfied, that the terms and conditions of Mr S's account do allow Nationwide to carry out such an account review.

I understand not having access to Mr S's account has caused Mr S's son a great deal of inconvenience. But it wouldn't be appropriate for me to award Mr S or his son compensation, since I don't believe Nationwide acted inappropriately in taking the actions that it did when it blocked and reviewed Mr S's accounts.

I've also considered the basis for Nationwide's review, and its decision to remove the Power of Attorney from Mr S's accounts, which I find was legitimate and in line with its legal and regulatory obligations. So, I'm satisfied Nationwide acted fairly by blocking Mr S's accounts and had no obligation to tell Mr S or his son the basis of its concern or forewarn them of its intention. So, whilst I accept that Nationwide's actions caused Mr S, and also Mr S's son, a good deal of inconvenience I can't say Nationwide have done anything wrong when it decided to review and block Mr S's accounts.

I understand that Mrs S and his son would probably want to be provided with detailed reasons as to why Nationwide applied the block to Mr S's accounts in the first place, or indeed why its review has taken so long. But Nationwide doesn't disclose to its customers what triggers a review of their accounts, and the reasons why an account may be reviewed can vary greatly. And it's under no obligation to tell Mr S or his son the reasons behind the account review and block, as much as they'd probably like to know. So, I can't say it's done anything wrong by not giving Mr S or his son this information. And it wouldn't be appropriate for me to require it to do so.

I appreciate that this matter has had a significant impact on Mr S and his son. And I understand from Nationwide that it has still not finished its review on Mr S's accounts. So, I recognise that this does leave Mr S in a difficult situation of not knowing what ultimately will happen with his account in the near future. And it is the case that Nationwide can't continue its review of the account indefinitely - at some point it will need to decide one way or the other what should happen with Mr S's account. However, having reviewed everything, I can't say that what Nationwide has done to date regarding the review and subsequent restrictions that were placed on Mr S's account were unfair or unreasonable.

Therefore, whilst I recognise that this decision will come as a great disappointment to Mr S and particularly to his son, I can't uphold this complaint.

My final decision

Because of the reasons given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 17 January 2025.

Thomas White
Ombudsman