

## **The complaint**

Mr K complains that Nationwide Building Society closed his bank accounts without providing a proper explanation.

## **What happened**

The detailed background of this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

Mr K had a basic bank account and savings account with Nationwide.

Mr K has explained that he used his basic account to receive his benefit payments and to pay for everyday living expenses.

In December 2022, Nationwide reviewed Mr K's accounts. Following this on 16 December 2022, Nationwide decided to close both the accounts and wrote to Mr K giving him two months' notice that he'd need to make alternative banking arrangements.

Mr K appealed Nationwide's decision to close his accounts. But Nationwide maintained its position and closed Mr K's accounts in February 2023

Unhappy with this response, Mr K brought his complaint to our service where one of our investigators looked into what had happened. After reviewing all of the evidence and circumstances, the investigator didn't think Nationwide had treated Mr K fairly when it had closed his basic bank account. So, she said Nationwide should pay Mr K £100 compensation for the trouble and upset this had caused him.

Nationwide agreed with the investigators view. Mr K didn't. He wants to know why Nationwide closed his accounts and doesn't think £100 is enough compensation.

As no agreement could be reached the matter came to me to decide. After reviewing everything and before I issued my decision, I asked for some more information from Mr K and Nationwide. I asked the investigator to find out from Mr K whether he had any other bank accounts at the time Nationwide closed his accounts. And to find out from Nationwide why they had decided to close Mr K's basic bank account.

In response, Mr K said he had no other accounts at the time Nationwide closed his accounts. But he said he had managed to open another account with a different bank during the notice period. He said he does not want his Nationwide account reopened. But that Nationwide's actions made him feel like a second class citizen and worthless. Mr K also said he had to travel fifteen miles to withdraw his balance from his account which was inconvenient. So, overall, he said he wants more compensation.

Nationwide shared some more information in confidence regarding its decision to close Mr K's accounts.

Following this I issued a provisional decision in which I said the following:

I appreciate Mr K was disappointed by the investigator's opinion and I can see that he has provided a detailed response to what she said about his complaint. I'd like to reassure Mr K that I've considered the whole file and what's he's said. But I'll concentrate my comments on what I think is relevant. If I don't mention any specific point, it's not because I failed to take it on board and think about it, but because I don't think I need to comment on it to reach what I think is a fair and reasonable outcome. No discourtesy is intended by me in taking this approach.

I would add too that our rules allow us 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 is information that we considered should be kept confidential. This means I haven't been able to share a lot of detail with Mr K , but I'd like to reassure him that I have considered everything.

### *Savings account*

I'll deal first with the closure of Mr K's savings account. It's generally for banks and financial businesses to decide whether or not they want to provide, or to continue to provide, account facilities to any particular customer. Unless there's a very good reason to do so, this service won't usually say that a bank or financial business must keep customer or require it to compensate a customer who has had their account closed.

As long as banks and financial businesses reach their decisions fairly, it doesn't breach law or regulations and is in keeping with the terms and conditions of the account, then this service won't usually intervene. They shouldn't decline to continue to provide account services without proper reason, for instance of unfair bias or unlawful discrimination. And they must treat new and existing customers fairly.

Nationwide have relied on the terms and conditions when closing Mr K's savings account. I've reviewed the terms and they explain that Nationwide can close an account for any reason by giving two months' notice. In this case Nationwide closed Mr K's savings account with the full notice period. I've seen the letter Nationwide sent to Mr K on 16 December 2022, which told him it intended to close his account within two months. So, I'm satisfied Nationwide has complied with this part.

I've then gone on to consider whether the bank's reasons for closing the account was fair. In doing so, I appreciate that Nationwide is entitled to set their own policies and part of that will form their risk criteria. It is not in my remit to say what policies or risk appetite Nationwide should have in place. This can be due to a number of reasons and a bank isn't obliged to give a reason to the customer. Nationwide has provided some further details of its decision making process, I'm sorry but I can't share this information with Mr K due to its commercial sensitivity. But I've seen nothing to suggest the bank's decision around closing Mr K's savings account was unfair.

### *Basic account*

Mr K also had a basic bank account with Nationwide, which he opened in January 2018. These types of current account are intended for people who don't have and don't qualify for standard current accounts. In order to be eligible for a payment account with basic features an individual shouldn't hold a payment account with any United Kingdom credit institution that has at least the features of a basic bank account.

When closing a basic account, along with the terms and conditions of the account, Nationwide also had to consider the provisions of the Payment Accounts Regulations Act 2015 (PAR's 2015). Amongst other things they set out when an account provider can close a basic bank account. Closure is only permitted in certain circumstances – one of them involves the conduct of the account and the way it is being run. Another reason is if the consumer has access to another payment account in the United Kingdom which allows the consumer to make use of services offered by a basic bank account and was opened after the payment account with basic features. And if the account hasn't been used for more than 24 months.

Nationwide has provided this service with information about why it decided to close Mr K's basic bank account with two months' notice. Having considered this information I don't think this conduct meets the definition of any of the criteria set out under the PAR's 2015, which allow for closure.

I say this because Nationwide has told us that it didn't have any concerns about how Mr K had been using his account. I can also see that Mr K was using his account – so it hadn't been dormant for more than 24 months. And based on how Mr K was using his account and what he's told us about his banking arrangements, on balance I don't think Mr K had any other bank account open at the same time, or one that was opened after he opened his basic bank account. To be clear I'm not including the account Mr K managed to open during the notice period with another bank. So, it follows that I don't think Nationwide should have closed Mr K's account in the way that it did.

In terms of fair compensation, I wouldn't be minded to direct Nationwide to reopen his account – that's because Mr K now has another account offering the features of a basic bank account. It's also clear that the relationship between Mr K and Nationwide has now broken down. But I would have to compensate Mr K for the trouble and upset Nationwide closing his account caused him.

Mr K had to go to the trouble of organising a new bank account and rearranging his finances, which would have taken time and effort. I've taken onboard Mr K's comments too, about how Nationwide's actions made him feel. Having done so, weighing up the overall impact the closure of his basic account had on Mr K I'm minded to say that £100 is fair and reasonable. So, whilst I accept Mr K may not agree with me, I don't intend to direct Nationwide to do anything more to resolve his complaint.

Finally, I understand of course why Mr K wants to know the exact reasons behind Nationwide's decision to close his accounts, other than what he's been previously told. I can see that Mr K has asked Nationwide to explain itself on several occasions. But Nationwide doesn't disclose to its customers what triggers a review of their accounts. And it's under no obligation to tell Mr K the reasons behind the account review and closure of his accounts, as much as he'd like to know. So, I can't say it's done anything wrong by not giving Mr K this information. And it wouldn't be appropriate for me to require it to do so now.

Nationwide accepted my provisional decision. Mr K said he was disappointed by what I'd said but accepted the decision.

Now both sides have had an opportunity to comment I can go ahead and issue my final 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.

As neither party has provided anything new for me to consider, I see no reason to depart from my provisional findings. I remain of the view that this complaint should not be upheld for the reasons set out in my provisional decision, which are repeated above and form part of this decision.

### **My final decision**

For the reasons I've explained, my final decision is that if it hasn't already done so Nationwide Building Society should pay Mr K £100 to resolve his complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 23 December 2024.

Sharon Kerrison  
**Ombudsman**