

The complaint

Mr S complains Nationwide Building Society (“Nationwide”) asked him for information including about his account activity as part of a review. Mr S is also unhappy Nationwide later restricted and closed his accounts.

Mr S says Nationwide’s actions have caused him substantive distress and inconvenience.

What happened

The details of this complaint are well known by both parties, so I won’t repeat them again here in detail. Instead, I’ll focus on setting out some of the key facts and on giving my reasons for my decision.

In February 2024, Nationwide sent Mr S a letter in which it asked him to provide information including those related to his income, personal details, and account activity. Mr S says he completed the form and sent Nationwide what it requested. Nationwide sent a reminder of Mr S needing to complete and send the information to it in a letter dated 14 days after the previous one. The letter also said that if Nationwide doesn’t hear from Mr S, it will have to close his accounts.

Mr S was unhappy he was being asked to do something he had already done and was upset that his accounts would be closed. He contacted Nationwide but was unhappy he wasn’t provided any useful insight as to what was happening.

Mr S complained. Nationwide didn’t uphold Mr S’ complaint. In summary, Nationwide said it received Mr S’ response to its information request on 29 February 2024 – the day after it had sent its reminder letter. Nationwide also explained it had legal and regulatory requirements to meet by understanding its customers banking activity.

In April 2024, Nationwide notified Mr S it has decided to restrict his accounts as part of its ongoing review. Mr S was informed that he could withdraw any salary or benefits by going into a branch with valid photo ID. Mr S referred his complaint to this service. In May 2024, Nationwide sent Mr S a letter notifying him it had decided to close his accounts with immediate effect. Mr S was informed his balance of around £1,970 would be returned to him and he should send Nationwide his external bank details for it to do so.

One of our Investigator’s looked into Mr S’ complaint, and they recommended it wasn’t upheld. In summary, their key findings were:

- Nationwide asked Mr S for information in February 2024 and this was in line with its obligations. Mr S sent the information to Nationwide on 23 February 2024, but it wasn’t received by the relevant department by the time it sent the reminder letter on 28 February 2024. So there was an overlap with the second reminder letter and Nationwide receiving Mr S’ response.

- Nationwide restricted Mr S' account in April 2024 whilst it conducted a further review. Nationwide hasn't made an error in closing Mr S' account and has done so in line with its terms and conditions. Nationwide doesn't need to explain why.

Mr S didn't agree with what our Investigator said. In short Mr S says Nationwide's actions have caused him significant anxiety and that it has impacted his health adversely. Mr S emphasises that Nationwide has treated him poorly and provided inadequate communication about what was going on.

As there was no agreement, this 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.

Having done so, I have decided not to uphold this complaint. I'll explain why.

Financial businesses in the UK, like Nationwide, are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. They are also required to carry out ongoing monitoring of an existing business relationship. That sometimes means Nationwide needs to restrict, or in some cases go as far as closing, customers' accounts.

These obligations generally cover the entire period of its customer relationship – from application to eventually the end of the relationship. This includes KYC checks and/or Customer Due Diligence (CDD). It's worth noting these checks include not just the verification of a customer's identity, but also establishing the purpose and intended nature of the business relationship and origin of funds.

Nationwide initially asked Mr S to provide it with information about himself and his financial activity. I'm satisfied this was in line with its obligations. Mr S isn't happy that despite sending the information, Nationwide chased him and threatened him with the prospect of his accounts being closed if the information wasn't received.

I note the reminder was sent around five days from when Mr S says he sent the information. Given this proximity, I'm persuaded the reminder letters went out a few days before Nationwide had processed his response. This is unfortunate, but I don't think Nationwide has done anything wrong in saying that if the information isn't received, the accounts could be closed as that would mean its unable to fulfil its legal and regulatory obligations.

Nationwide is entitled to close an account just as a customer may close an account with it. But before Nationwide closes an account, it must do so in a way, which complies with the terms and conditions of the account. The terms and conditions of the account, which Nationwide and Mr S had to comply with, say that it could close the accounts by giving him at least two months' notice. And in certain circumstances it can close an account immediately or with less notice.

Nationwide closed Mr S' accounts with immediate effect. Mr S had a basic bank account and other savings accounts with Nationwide at the time. He also had an external account given he was transferring funds to his Nationwide accounts from it.

The Payment Account Regulations 2025 (PAR's) are relevant here given they say when a basic bank account provider can close an account. Mr S had another account with another provider at the time. Given the concerns Nationwide had and taking the PAR's into consideration in addition to all other relevant laws and regulations, I'm persuaded

Nationwide acted fairly and in line with its terms and conditions when closing Mr S' accounts in the way it did.

I can understand why Mr S would want a detailed explanation, but Nationwide is under no obligation to do so. 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 I consider should be kept confidential.

Mr S has explained the severe impact Nationwide's actions had on his mental and physical wellbeing. I don't undervalue what he has said in any way but given I don't think Nationwide has done anything wrong, I see no basis to award any compensation for the distress and inconvenience Mr S suffered.

My final decision

For the reasons above, I have decided not to 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 21 February 2025.

Ketan Nagla
Ombudsman