

The complaint

Mr A complains Nationwide Building Society unfairly closed his newly opened accounts without any notice.

What happened

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

Mr A opened two accounts with Nationwide in January 2024. Mr A's accounts were opened but were still subject to ongoing due diligence checks. These checks led to Nationwide's decision to close both accounts immediately. Nationwide informed Mr A of this decision on 6 January 2024 and said it couldn't give him more details about why it had reached this decision.

Mr A raised a formal complaint about Nationwide's handling of his application and accounts. Nationwide reviewed his concerns and issued a final response on 12 January 2024. Nationwide said it didn't agree that it had done anything wrong as following a review of his applications the decision was made to end its relationship with Mr A. Nationwide directed Mr A to the account terms and conditions, which allow Nationwide to close the accounts immediately in specific circumstances.

Mr A remained unhappy and referred his complaint to our service. In his referral to this service Mr A highlighted the following concerns:

- Nationwide made the decision to close the accounts based on information – a CIFAS loading – which Mr A is strongly contesting and is wrong.
- Nationwide hasn't provided a clear reason to Mr A, and the information about the CIFAS shouldn't lead to an automatic rejection of his application.
- The account was approved and then closed – this is an unusual process and Nationwide should never have opened the accounts in the first place.
- Mr A says his poor treatment by Nationwide warrants compensation of £2,000.

An Investigator reviewed his concerns, and they didn't uphold Mr A's complaint. In summary they explained:

- Nationwide has explained to our service, in confidence, why they decided to close Mr A's account.
- Based on the information Nationwide shared it was acting fairly when deciding to close Mr A's account.
- Nationwide's terms and conditions state they can close an account with immediate notice. Evidence has been provided to show an immediate notice to close was sent to Mr A.

Mr A disagreed with the review and reiterated his concerns regarding the handling of his accounts. Mr A said he had asked for compensation of £5,000 and he had been able to

open, and deposit funds into the accounts. Mr A felt Nationwide should've had at least 60 days' notice before closure.

Mr A asked for his complaint to be reviewed by an Ombudsman.

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.

Firstly, I am sorry to see Mr A has had cause for complaint and the impact the account closure has had on him. I can see from his comments that the issues at hand have been a source of stress and worry. However, having looked at the complaint fully, my review of the evidence has led me to the same overall conclusions as the Investigator previously set out and for much the same reasons. I will explain why.

As a UK financial business, Nationwide is strictly regulated and must take certain actions in order to meet its legal and regulatory obligations. It's 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.

CIFAS is a fraud prevention agency, which has a large database on which information is recorded to protect financial businesses and their customers against fraud. Mr A opened two accounts with Nationwide, and as part of its due diligence process Nationwide checked the CIFAS database. This is a standard part of the process when a new account is opened, and an important step in ensuring bank's meet their regulatory obligations.

Nationwide decided to close Mr A's accounts based on the information recorded on CIFAS. However, at the time of closure Nationwide didn't specify a reason to Mr A. I understand he feels this is unfair, but banks can close a customer's account if they wish to, and don't have to give a reason – in the same way that customers can choose to close an account and don't have to give a reason. This is set out in the terms and conditions of Mr A's Nationwide accounts. In Mr A's case Nationwide closed the accounts with immediate effect. The terms and conditions of the accounts allow Nationwide to close accounts immediately in specific circumstances, and in Mr A's case I find the evidence presented by Nationwide those specific requirements have been met.

I understand Mr A would like more specific information from Nationwide about the information it has relied upon. But Nationwide isn't under any obligation to provide this. I would add too that our rules allow us to receive evidence in confidence. We may treat evidence from regulated businesses' 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 we consider should be kept confidential. So although I haven't been able to share specific details with Mr A, I can assure him I've reviewed the available evidence and I find Nationwide's actions to be fair.

Mr A says the accounts with Nationwide shouldn't have been opened in the first instance. However, it is common industry practice for accounts to be opened, and for further background checks to continue once the accounts are open. This is often due to the time it can take for the checks to be completed. I understand Mr A find this an unusual process, but I don't find Nationwide has acted inappropriately in allowing the accounts to open before its application review was entirely complete.

As part of Mr A's complaint, he says the information recorded about him with CIFAS is wrong and he is contesting it. I appreciate Mr A may be taking further action in relation to the

CIFAS marker that has been loaded against him. However, I consider it reasonable for Nationwide to rely on the CIFAS database when taking its decision. It didn't have to conduct its own investigation into why the other organisation had recorded the marker, or whether it was correct. And the presence of the CIFAS marker recorded against Mr A, clearly met Nationwide's terms and conditions for closing a customer's accounts.

I can see the closure of the account has caused Mr A distress, and he has explained the impact Nationwide's decision has had on him. Unfortunately, an account closure will inevitably cause a level of inconvenience and the account holder will have to spend time making alternative arrangements. Mr A has asked for £5,000 in compensation to recognise the impact the immediate closure had on him. But this isn't something I can fairly ask Nationwide to compensate Mr A for, as its decision was made in line with its account terms. Further, although I appreciate the closure came as a surprise to Mr A, as this was a new account application I can't see there was a significance reliance on the account. So although I understand Mr A's disappointment with the closure, I consider the impact on Mr A to be fairly minimal.

I am sorry to hear of the difficulties Mr A has experienced and appreciate this has been a challenging time for him. However, based on the evidence I have been, Nationwide has acted reasonably.

I know this will not be the outcome Mr A was hoping for and he will be disappointed with the decision I've reached. But I hope my decision provides some clarity around why I won't be asking Nationwide to take any further action.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 14 May 2025.

Chandni Green
Ombudsman