

The complaint

Mr S and Mrs S complain Nationwide Building Society unfairly restricted access to their account and provided poor service.

What happened

The facts of the complaint are well known to both parties, so I will only provide a summary of the key points.

Mr S and Mrs S held a joint Nationwide account. In early October 2023 Mr S and Mrs S's account was reviewed. The review was prompted by the fact Mr S and Mrs S lived outside the UK, and this wasn't in line with Nationwide's risk appetite. During this review period Mr and Mrs S were able to use their account as normal.

Nationwide's review led to its decision to end its banking relationship with Mr S and Mrs S. Nationwide sent a notification of closure letter to Mr S and Mrs S on 9 January 2024 – this provided Mr S and Mrs S with 90 days' notice of the impending closure of their account. Mr S attended a Nationwide branch on 9 February 2024 to change his address. This wasn't actioned by Nationwide.

On 26 March 2023 a returned mail notification was received by Nationwide. This prompted Nationwide to review Mr S and Mrs S's account and on 14 June 2024 blocks were applied to the account. On 27 June 2024 Mr S spoke to multiple staff members at Nationwide to try and unblock his account. Mr S's call was disconnected, and he had to endure long wait times to speak to the correct team.

Mr S and Mrs S contacted Nationwide on 3 July 2024 regarding their account as it remained blocked. They were informed they would need to update their address in order for the block to be removed. After multiple phone calls Mr S and Mrs S's address details were updated and their account was unblocked on 26 July 2024.

Mr S and Mrs S raised a formal complaint about Nationwide's handling of their account. In summary they raised the following concerns:

- Nationwide unfairly restricted access to their account without justification or a clear way forward.
- Mr S and Mrs S provided their new address on multiple occasions and Nationwide failed to update its records. This means Nationwide breached data protection laws as it didn't handle personal data properly.
- Nationwide provided poor customer service – calls were disconnected, staff asked inappropriate questions and the overall communication was poor.

Nationwide issued a final response letter on 11 July 2024. Within its response Nationwide made the following comments:

- It accepted that Mr S and Mrs S received poor service and their address should've been updated when Mr S attended branch. It offered Mr S and Mrs S £225 in

recognition of the distress and inconvenience this had on them.

- Nationwide also explained it hadn't acted unfairly by not emailing Mr S and Mrs S when it restricted their account and it found it and it hadn't breached data protection as it had written to their old address before the change of address request was made.
- Its staff asked for Mr S and Mrs S's social security details due to international legislation which aims to prevent tax evasion.
- Mr S and Mrs S will be able to update their address once they provide their social security details. If Nationwide changes their address without this information it will have to report Mr S and Mrs S to HMRC and this could lead to the account being restricted again.

Mr S and Mrs S remained unhappy and referred their complaint to this service. They reiterated their concerns and said the compensation offered by Nationwide was inadequate. In order to put things right they asked for Nationwide to pay £5,000 in compensation reopen their account, update their address and issue a formal apology to them. They also asked for all data held under The Freedom of Information Act.

The Investigator gathered the relevant evidence and made the following findings:

- The application of the block was fair and Nationwide was entitled to review the account.
- The information Nationwide requested – in particular their social security details – was reasonable.
- The block on the account was in place for longer than it should've been – Mr S attended branch and their address should've been updated at this point.
- Nationwide should pay 8% simple interest on the balance on the account from 9 February 2024 to 26 July 2024.
- The £225 offered in compensation was fair and there was no need for this amount to be increased.

Nationwide agreed with the recommendations made, but Mr and Mrs S didn't accept them. Mr S and Mrs S said Nationwide had taken advantage of their position and they failed to handle the issues in a timely manner. Mr S and Mrs S said a larger fine would help alter its future behaviour and promote change.

As no agreement could be reached, the complaint was referred to an ombudsman for a 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.

Firstly, I'm aware that I've only summarised Mr S and Mrs S's complaint points. No discourtesy is intended by this. 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. Our rules allow me to take this approach. It simply reflects the informal nature of our service as a free alternative to the courts. I can assure Mr S and Mrs S that I have carefully considered their detailed submissions.

Account review

Mr S and Mrs S say Nationwide unfairly reviewed and blocked their account. I realise the review of the account has caused them issues, and they have experienced inconvenience. However, based on the available evidence I think Nationwide was entitled to review and block the account. I'll explain why.

Nationwide has explained that as Mr S and Mrs S resided outside the UK they didn't fall within their risk appetite. Nationwide is entitled to make such decisions based on its commercial and operational objectives. Nationwide didn't need to consult with Mr S and Mrs S about this or gain their consent to close the account and it is able to decide who it can offer banking facilities to. This means I can't see that it acted unfairly in this instance.

I must also highlight that Nationwide can close an account at any time if it gives the appropriate notice as laid out in its terms. Nationwide's terms and conditions say it will give 60 days' notice. Nationwide provided Mr S and Mrs S 90 days' notice, so I am satisfied it followed the correct process for closing the account.

Nationwide has confirmed that during the period Mr S and Mrs S's account was blocked its internal risk guidance had changed, and Mr S and Mrs S's account was no longer considered outside of its risk appetite. This meant the account could remain open and Mr S and Mrs S could use it as normal, once the address issue had been resolved. I understand this change may add to Mr S and Mrs S's frustration with Nationwide, but a bank's risk policy will constantly be evolving and it's not unusual for these changes to occur in a short space of time.

Updating Mr and Mrs S's address

Following the issue of the notice to close letter Nationwide received a returned mail notification. This prompted it to block Mr S and Mrs S's account. Mr S and Mrs S say the block was unfair and unnecessary.

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. This includes carrying out due diligence checks on accounts sometimes means Nationwide needs to restrict customer accounts to protect them.

In Mr S and Mrs S's case the account was blocked due to the address issue, and I think this is reasonable as holding the correct address for a customer is vital in the provision of services, but also in protecting the account from fraud. Mr S and Mrs S's account terms also state that Nationwide may block access to the account if *'any letters we post you are returned to us, until you give us your new address'*. Given Mr S and Mrs S lived outside the UK, I think it was of concern that letters had been returned, and I think Nationwide was acted in Mr S and Mrs S's interests in blocking the account.

I can see Mr S attended branch on 9 February 2024. Mr S asked to update his address, but it doesn't appear this was actioned. Nationwide's notes aren't clear about why it wasn't amended – there is reference to the need for Mr S and Mrs S's social security details, but these weren't provided at the time. In any event, given Mr S and Mrs S had funds within their account and Mr S had passed the customer authentication process in branch I think it would've been reasonable for the address to be updated. This would've removed the block and allowed Mr S and Mrs S access to their funds.

Customer service issues

Following the branch visit, Mr S and Mrs S's address remained unchanged. On 27 June 2024 Mr S contacted Nationwide on four separate occasions to try and resolve the issues with the account. Mr S says the Nationwide during these calls weren't helpful and his call was cut off. I've listened to the calls, and although I don't think there are instances of staff members being unprofessional, I can understand why Mr S found the experience stressful. Nationwide says it was unable to call Mr S back as it can't dial customers on international numbers. Although this would've been trying for Mr S, Nationwide is entitled to have policies in place regarding international calls and I don't consider its decision to not call Mr S back unreasonable here.

Mr S also emailed Nationwide to provide an updated address and in another call on 28 June 2024 Mr S asks to update his address but is informed he needs to provide his social security details. Mr S says this request is unfair, but I don't agree. Nationwide has explained to Mr S and Mrs S and our service that it requested this information so it can comply with international legislation. The Common Reporting Standard (CRS) is a piece of legislation that aims to reduce tax evasion, and this involves exchanging certain information on an annual basis regarding individuals who are considered reportable. Given the importance of meeting its regulatory and legal duties, I think Nationwide acted appropriately in asking for these details.

I can see that Nationwide later allowed Mr S and Mrs S to update their address without providing their social security details but highlighted that this may result in the account being restricted again. Nationwide took a pragmatic approach at this stage, and I think given the previous service issues and delays it made the right decision in allowing Mr S and Mrs S to update their details.

Fair compensation

The Investigator found £225 to be a fair offer of compensation for Mr S and Mrs S, along with the application of interest at 8% simple on the balance in their account. Mr S and Mrs S consider £5,000 to be an appropriate amount of compensation.

I can see our service has asked for clarity around the impact the block had on Mr S and Mrs S's financial plans. They have said they didn't have access to essentials funds, and they planned to borrow against their UK property to reduce their mortgage. Mr S and Mrs S say the lack of access significantly affected their plans.

Reaching an award for distress and inconvenience is seldom straightforward. The issues involved are subjective by their very nature and the impact on the consumer can be difficult to determine. Our awards are not intended to be punitive for businesses and their fundamental aim is to recognise the impact on a consumer where there have been shortcomings. Having considered the timeline of events, I think the compensation offer of £225 is fair.

I say this because the detriment caused to Mr S and Mrs S primarily consists of the time they spent trying to update their address. I don't underestimate the block would've caused Mr and Mrs S a degree of worry and inconvenience – and delayed their plans. But as explained above, I consider the account block to be appropriate in the circumstances. In Mr S and Mrs S's case the key factor is that the delay in updating their address which should've been done in February 2024. The application of interest from this time to when the account was unblocked recognises Mr S and Mrs S were deprived of funds, and I consider this amount to be fair and in keeping with this service's approach to fair compensation. I can also see that in its final response letters it accepted there had been shortcomings and apologised to Mr S and Mrs S.

Mr S and Mr S have referred to a greater level of compensation being necessary to encourage change for Nationwide and prevent issues like theirs occurring again. Mr and Mrs S have also raised concerns throughout their complaint about how Nationwide conducts its business - such as its implementation of data protection laws. It is the role of the Financial Ombudsman Service is to resolve individual complaints and to award redress where appropriate. We do not perform the role of the industry regulator and it is not our role to comment on how businesses conduct their operations. That's the role of the regulator, the Financial Conduct Authority (FCA). For these reasons I won't be responding to Mr S and Mrs S's comments about the way Nationwide operates on a general level and its procedures. I also don't find it necessary to increase the compensation amount awarded as a deterrent, as issuing fines is the role of the regulator.

I'm sorry this isn't the outcome Mr S and Mrs S hoped for. While the amount of compensation isn't what they were looking for, I do hope my final decision provides some clarity around why I won't be asking Nationwide to take further steps than it has already outlined.

Putting things right

In full and final settlement Nationwide Building Society should pay Mr S and Mrs S:

- Apply 8% interest on the balance in her account from 9 February 2024 to 26 July 2024.
- Pay Mr S and Mrs S £225 compensation for the inconvenience caused by Nationwide's delays and poor service.

My final decision

My final decision is that I 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 23 May 2025.

Chandni Green
Ombudsman