

The complaint

Mr A complains that Nationwide Building Society blocked his account during the closure notice period. He is also unhappy that he hasn't been provided all the information regarding his Data Subject Access Request (DSAR) and that he hasn't been able to apply for a basic bank account with Nationwide.

What happened

Mr A had current and savings accounts with Nationwide.

In December 2023, Nationwide decided to review Mr A's account to comply with its legal and regulatory obligations. Nationwide blocked Mr A's account whilst it completed its review and asked Mr A to provide it with information about how he was using his account and source of wealth. In response, Mr A sent Nationwide information about his finances, which included details of properties he'd sold, income, tax, and other banks accounts.

Nationwide reviewed the information and decided to close Mr A's accounts. Nationwide wrote to Mr A in March 2024, giving him 90 days' notice that he'd need to make alternative banking arrangements. During the notice period Nationwide blocked Mr A's accounts again, which meant he couldn't access his accounts. Nationwide closed Mr A's accounts in June 2024.

After his accounts were closed Mr A tried to make an application to open a basic account with Nationwide. However, when he tried to go through the application process, Nationwide's systems told him he wasn't able to apply for a basic bank account because he was eligible for a current account. But Mr A said when he tried to apply for a normal bank account his application was cancelled.

Following this Mr A made a request for a copy of his personal data (Data subject access request-DSAR). However, due to a manual error some of the information Mr A had sent to Nationwide when it contacted him during its review of his account. Nationwide apologised for its mistake and collated the missing information. And sent it to Mr A in May 2024. Nationwide also paid Mr A £50 compensation for any trouble and upset he'd been caused.

Mr A complained to Nationwide. In summary he said:

- Nationwide served him a notice to close his accounts which they are quite entitled to do, but during the notice period they froze his accounts therefore in effect depriving him of the time he thought he had available to move his banking arrangements to another provider without too much aggravation.
- Nationwide asked him to provide lots of financial information, before his accounts could be unfrozen, but this request was just a charade, as before the information he supplied had actually been looked at, he received email correspondence that indicated that the accounts would remain frozen, no matter what.
- He has a legal right to be able to apply for a basic bank account and Nationwide

have no grounds to refuse to provide him with one. Mr A said that Nationwide had breached the Payment Account Regulations 2015, (PAR's)

In response, Nationwide said it hadn't done anything wrong when it reviewed, blocked, and asked Mr A to provide information about how he was using his accounts. It explained that it had done so to comply with its legal and regulatory obligations. Nationwide said it had closed Mr A accounts in line with the terms and conditions of the accounts. And had reviewed Mr A's basic account application, but according to the PAR's Mr A wasn't eligible for this type of account. It also said I didn't want to provide Mr A with banking services.

Mr A remained unhappy and brought his complaint to our service where one of our investigators looked into what had happened. After reviewing everything the investigator said that Nationwide hadn't done anything wrong. In summary they said:

- Nationwide had reviewed Mr A's accounts to comply with its legal and regulatory obligations.
- Nationwide was entitled to ask Mr A for information and continue to review this during the notice period.
- Nationwide hadn't done anything wrong when it blocked Mr A's account during the notice period.
- Nationwide doesn't want to provide its services to M A and based on checks Nationwide completed, Mr A wasn't eligible for a basic account.

Mr A disagreed. In summary he said:

- Nationwide didn't give him everything he wanted in response to his DSAR, and it doesn't matter if some of the information originated from him. Given that they provided none of the information he sent them, there is no record of what they used or didn't use. In addition, without knowing what information Nationwide are holding about him, he cannot request the deletion or removal of information.
- Nationwide requested a whole load of information again so they could make a further check and then presumably unfreeze the account if all checks were ok. However, after he spent a day collating all the information again and sending it though, it was then implied that no matter what he provided the account would not be unfrozen. Nationwide lied to him and should just have said they were going to close the accounts early and not requested he waste a whole load of time producing information which was not even going to be considered.
- Nationwide do not have the choice as to whether or not they can offer Mr A a basic bank account. As a UK citizen he cannot be prevented from applying for one. Nationwide can however refuse to open one, but only for specific reasons defined in the legislation, none of which apply in his case. Therefore, they need to allow him to apply for one and then choose to refuse his application for a reason which can be challenged, potentially in court. As Nationwide are a provider with obligations to provide basic bank accounts, they cannot opt out of doing this on a whim.

As no agreement could be reached the matter has come 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.

I would add too that our rules allow us to receive evidence in confidence. We may treat evidence from financial businesses as confidential for a number of reasons – for example, if it contains information about other customers, security information or commercially sensitive information. It's then for me to decide whether it's fair to rely on evidence that only one party has seen. It's not a one-sided rule; either party to a complaint can submit evidence in confidence if they wish to, and we'll then decide if it's fair to rely on it. Here, the information is sensitive and on balance I don't believe it should be disclosed. But it's also clearly material to the issue of whether Nationwide has treated Mr A fairly. So, I'm persuaded I should take it into account when deciding the outcome of the complaint.

I'm very aware that I've summarised the events in this complaint in far less detail than the parties and I've done so using my own words. No discourtesy is intended by me in taking this approach. Instead, I've focused on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts. If there's something I've not mentioned, it isn't because I've ignored it. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome. But I have read all Mr A's submissions.

I want to make it clear that I understand why what happened concerned Mr A. I've no doubt it would've come as quite a shock to him, and he would've been very worried to find out that his account had been blocked. But as the investigator has already explained, Nationwide has extensive legal and regulatory responsibilities they must meet when providing account services to customers. They can broadly be summarised as a responsibility to protect persons from financial harm, and to prevent and detect financial crime.

I've considered the basis for Nationwide's review and having done so I find this was legitimate and in line with its legal and regulatory obligations. So, I'm satisfied Nationwide acted fairly by blocking Mr A's account. I appreciate that Mr A wants to know more about why Nationwide did what it did. But Nationwide isn't obliged to tell Mr A why it blocked and reviewed his accounts, and I don't believe it would be appropriate for me to require it to do so as much as he'd like to know.

The terms and conditions of Mr A's accounts also make provision for Nationwide to review and suspend an account. And having looked at all the evidence, I'm satisfied that Nationwide have acted in line with these when it suspended Mr A's account. So, although I understand not having access to his account caused Mr A trouble and upset it wouldn't be appropriate for me to award Mr A compensation since I don't believe Nationwide acted inappropriately in taking the actions that it did when it blocked Mr A's accounts.

Mr A is upset that Nationwide asked him to provide lots of information as part of its review. He says that Nationwide had decided to block and close his account despite him providing the information – so it was a complete waste of his time.

The reason why Nationwide asked Mr A to provide information about his finances is because Nationwide are obliged to adhere to the regulator – the Financial Conduct Authority (FCA), Know Your Customer (KYC) responsibilities. Nationwide is entitled and obliged to carry out such checks in order to comply with its legal and regulatory obligations. This applies to both new and existing customers regardless of how many years a customer may have held an account with Nationwide.

I appreciate that Mr A felt the information that Nationwide requested was intrusive and unnecessary. He also suspects the request was simply a wasted exercise because Nationwide had made up its mind to block and close his accounts.

The information Nationwide was asking Mr A to provide is fairly standard information that banks, and other financial businesses are required to have in order to adhere to KYC responsibilities. It's not in my remit to determine what questions Nationwide should ask its customers to ensure it adheres to its these responsibilities. There's no fixed set of questions or period between each customer update request, and they are usually done to reflect the changes in the economy, technology or tactics employed by criminals to commit financial crime.

Nationwide is required to have up to date information about its account holders including details on their identity, address, and source of wealth, in order to comply with its legal and regulatory obligations. So, whilst I can appreciate Mr A's point of view about the necessity of the information Nationwide requested, I can't reasonably say that Nationwide was acting unfairly or unreasonably in asking Mr A for the information that it did.

The result of the review was that Nationwide decided they didn't want to provide financial facilities to Mr A anymore. Nationwide wrote to Mr A in March 2024 that it had decided to close his accounts with 90 days' notice. However, following this Nationwide decided to continue to block Mr A's accounts. So, I consider Nationwide closed Mr A's accounts without notice, since Mr A wasn't able to access and use his account properly after Nationwide blocked his accounts.

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 A's accounts. I've reviewed the terms, and they explain that Nationwide can close the accounts without notice. For Nationwide to act fairly here they needed to meet the criteria to apply their terms for immediate closure – and having looked at these terms and all the evidence that the bank has provided, including the information Nationwide has provided to this service in confidence, I'm satisfied that Nationwide did. And that it was entitled to close the account as it's already done. So, I'm not requiring Nationwide to compensate Mr A for any trouble and upset he may have experienced because Nationwide blocked his accounts during the notice period

Mr A has said that Nationwide wouldn't allow him to apply for a basic bank account. He also says under the PAR's 2015 Nationwide should offer him a basic account.

I've referred to the Payment Account Regulations 2015 (PAR), section 23 sub-section 1) where it states the following:

23.— (1) In order to be eligible for a payment account with basic features offered by a designated credit institution ("B"), a consumer must be legally resident in the [United Kingdom], and must either—

(a) not hold a payment account with any United Kingdom credit institution that has at least the features set out in regulation 19(1);

From looking at Mr A's account statements I can see that Mr A held at least four other bank accounts. Mr A has also said that the accounts he held with Nationwide weren't his main accounts. So according to the PAR's Mr A isn't eligible for a basic bank account – as much as he'd like to be able to have one.

Mr A says Nationwide didn't allow him to apply for a basic bank account. And that its systems directed him to apply for a current account. We've asked Nationwide about this. And it has confirmed that it did review whether it could offer him a basic bank account. After completing checks it declined to do so. That's because Mr A has other bank accounts so isn't eligible as I've set out above.

But the PARs 2015 form only part of a much broader regulatory landscape which firms like Nationwide need to consider when making decisions in relation to accounts, so I have not considered them in isolation. On balance when considering Nationwide's wider regulatory responsibilities and all the information available to me, I find Nationwide had a legitimate basis for not offering Mr A a basic account. So, I don't find Nationwide treated Mr A unfairly when it declined to offer him one.

Moving on to the DSAR, I should explain that it's not the role of our service to decide whether or not a business has breached data protection laws, which includes the content of the information disclosed in response to a DSAR - that's the role of the ICO. But I can look at whether a business has treated a customer fairly and reasonably when applying those regulations in their course of business.

Nationwide accepts it didn't include everything it should have when it initially responded to Mr A's DSAR. It did subsequently send Mr A the missing information and paid him £50 compensation for any trouble and upset this mistake caused. In the circumstances, I think this is fair and reasonable bearing in mind that information that wasn't included appears to be information Mr A had sent to Nationwide.

I know Mr A is unhappy that the DSAR response he received from Nationwide didn't include documents he would have wanted to see such as Nationwide's investigations and review. He added that the information provided to him does not answer his question as to why his accounts were closed.

As I said above, it's not within my remit to look into the content of the DSAR response. That's the job of the ICO. But in terms of Nationwide not sharing certain information or documentation with Mr A in general, what I will say is that I don't think Nationwide is under any obligation to tell a customer what triggers a review or what leads to a closure of their account. Furthermore, banks may have documents which are confidential for a number of reasons.

Nationwide said that it wasn't able to share any information which related to its investigation and the account closure due to it being sensitive. I think this is fair and reasonable in the circumstances. As our investigator said this information will have been shared with us and though I appreciate Mr A may find this frustrating I hope it gives him some reassurance that someone independent has also considered it.

In summary, I recognise how strongly Mr A feels about his complaint, so I realise he will be disappointed by my decision. But overall, based on the evidence I've seen I won't be telling Nationwide to do anything more to resolve Mr A's complaint.

My final decision

For the reasons I've explained, my final decision is that I do not 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 6 May 2025.

Sharon Kerrison
Ombudsman