

The complaint

Mr L complains Nationwide Building Society (“Nationwide”) applied restrictions to his account and won’t lift them until he answers questions he considers invasive and illegal.

What happened

Mr L attempted to make a payment of £580 from his Nationwide account to an e-money account held in his name. Nationwide blocked the payment and applied restrictions to Mr L’s account as it suspected the payment to be related to an investment scam and asked Mr L to contact it.

Mr L did as requested and explained that he was going to use the money to invest but when asked what Mr L planned to invest the money in he wasn’t able or was unwilling to provide any specific details.

Nationwide weren’t satisfied as the answers Mr L provided to its questions were hitting many fraud-trend red flags and so the restrictions on his account remained. Nationwide asked that Mr L provide evidence of what he was investing in such as the agreement document or proof the company is licensed to offer investment advice or copies of his e-money statements for the last two months.

While the block is in place Mr L can’t use his online banking or cards but is still able to receive funds in as well as direct debits and standing orders continue to be paid and he can withdraw money from branch.

Mr L complained about this to Nationwide. Nationwide didn’t agree it had done anything wrong in applying restrictions to Mr L’s account as it suspected Mr L was going to be a victim of an investment scam due to the transactions Mr L was making and that this had happened before. It said the action it took is allowed within the terms and conditions of his account and were to protect Mr L’s interests.

Nationwide explained Mr L could close his account with it but that it would need to be done in branch as a bank transfer to another bank account in his name and that it would pass on its concerns to the receiving bank to conduct its own investigation. Alternatively, Mr L could have an open and honest conversation about what is happening with his e-money account so it can ascertain that there are no scam concerns or provide the evidence requested.

Nationwide agreed that there was some confusion surrounding how it had been in contact with Mr L by phone rather than text and compensated Mr L £25 for its error.

Mr L was unhappy with and so brought his complaint to this service. Mr L believes the action Nationwide have taken in locking him out of his account is to stop him from removing his funds from it and that Nationwide’s actions amount to bullying and blackmail. Mr L says due to his work patterns it is difficult for him to visit a branch to withdraw cash and so he’s been unable to get cash to buy food or petrol and is concerned his bills aren’t being paid.

One of our investigator's looked into Mr L's concerns but didn't think Nationwide had treated Mr L unreasonably as the action Nationwide took was allowed in its terms and conditions when it suspects there is a security or fraud risk as was the case here and it is under a duty to protect its customers from this. They didn't think the information Nationwide had asked for was unreasonable or uncommon for it to satisfy itself Mr L wasn't being scammed and so didn't think it was unfair for the restrictions to remain in place until Mr L provided this. And they thought the £25 compensation paid to Mr L for incorrectly saying it had called him – when it didn't – was fair.

Mr L disagreed, he says the continued blocks were unnecessary as Nationwide know where he was transferring his money as it has the account name, number and sort code and there is no reason to think there is any scam on his account and so his complaint was progressed for an ombudsman's 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.

My role is to look at problems that Mr L has experienced and see if Nationwide has made a mistake or done something wrong. If it has, I'd seek to put - if possible – Mr L back in the position he would've been in if the mistakes hadn't happened. And I may award compensation that I think is fair and reasonable.

It might be helpful for me to say here that, I don't have the power to tell Nationwide how it needs to run its business and I can't make Nationwide change its systems or processes – such as how or when activity on an account is reviewed and restrictions applied for fraud prevention. These are commercial decisions and not something for me to get involved with. Nor can I say what procedures Nationwide needs to have in place to meet its regulatory obligations. We offer an informal dispute resolution service and we have no regulatory or disciplinary role.

That said I don't think it's unreasonable for Nationwide to have fraud prevention procedures in place – in this case applying restrictions to an account when the activity on the account meets criteria for possible fraudulent activity - until it can carry out appropriate checks. This is to ensure the transactions are legitimate and it meets its regulatory requirements. As I'm sure Mr L understand this is needed not only to protect businesses against criminal activity, but also their customers.

And in Mr L's case I can see that some concerns had been raised due to the nature of the transactions Mr L was making to an e-money account he'd opened which he said were for investments but wasn't able or willing to specify any further details. Nationwide were concerned that Mr L had become or potentially might become the victim of an investment scam. So Nationwide wanted to confirm that the investments Mr L was making was to legitimate.

And although Mr L might believe that it is none of Nationwide's business where he puts his money and that it isn't entitled to any further information about this – without this information – Nationwide is unable to satisfy itself the investments are legitimate and that Mr L isn't going to be the victim of an investment scam or carry out its regulatory obligations. So I don't think it's unreasonable Nationwide asked for the information it did before removing the restrictions on his account.

Before it will lift the restrictions Nationwide has asked Mr L to provide evidence of the investments he was going to make and gave him a number of options for doing this such as

providing an investment agreement, communications between him and the investment company and links to its website and copies of his e-money statements.

And as Mr L wasn't willing to provide evidence of this - of which I think should be reasonably available - I can understand Nationwide's concerns that the activity on the account may not be legitimate and its unwillingness to lift the restrictions.

I accept Mr L has been inconvenienced and frustrated by this, but the actions Nationwide have taken is allowed under its terms and conditions and is in-line with its regulatory obligations and while the restrictions are in place Mr L still has reasonable access to his funds as his direct debits and other bills are still being paid, he is able to receive money into his account and withdraw money for his living expenses by attending branch.

If Mr L wishes to have the restrictions lifted, I think it is reasonable to expect him to provide the information and evidence asked of him. And if Mr L wishes to close his account I don't think it unreasonable that Nationwide ask him to attend branch to do so and provide the details of a bank account held in his name with a reputable bank where it can transfer his money – as Nationwide still needs to ensure it is safeguarding Mr L's interests even when closing his account with it.

So I don't think Nationwide have acted unreasonably or treated Mr L unfairly here. And as Nationwide has already compensated Mr L £25 for what I consider a small communication error which has had minimal impact on Mr L, I don't think Nationwide needs to do anything more and it follows that I don't uphold Mr L's complaint.

My final decision

For the reasons I've explained, I've decided not to uphold Mr L's complaint against Nationwide Building Society.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 28 May 2025.

Caroline Davies
Ombudsman