

The complaint

Miss C complains Nationwide Building Society unfairly closed her accounts.

What happened

Miss C held a Nationwide FlexDirect account and an Easy Access Saver account.

On 2 April 2024 Nationwide informed Miss C that it had placed restrictions on her accounts. Nationwide explained it would be reviewing Miss C's accounts, and she could access benefits or wages in branch. Nationwide said it would be in touch with an update by 2 May 2024.

On 8 July 2024 Nationwide informed Miss C it had completed its review and made the decision to close her accounts. It explained its review had determined that Miss C did not meet the eligibility criteria to hold the accounts. Miss C was told the accounts would close in 90 days, but that the accounts would be blocked during this time.

Miss C raised a formal complaint about the handling of her account in late August 2024. Nationwide issued a response on 11 October 2024 explaining that it hadn't done anything wrong as the decision was taken to close the account after it issued warnings and educated Miss C regarding Visa dispute claims.

Miss C remained unhappy and referred her complaint to our service. As part of her complaint Miss C said she had been treated unfairly by Nationwide and was unable to open accounts elsewhere. An Investigator gathered the relevant evidence, and in summary they explained:

- Nationwide has strict regulations that it must comply with, and it was reasonable for the account to be reviewed.
- The account was closed in line with the account terms and conditions.
- It is for banks to decide whether or not they want to provide services to a customer.
- Miss C's challenges with opening accounts elsewhere doesn't mean Nationwide has made any mistakes.
- Any concerns Miss C has with the applications she has made with other providers need to be taken up with them directly.
- Miss C can contact credit agencies or CIFAS – the fraud register system, directly if she wants to find out if any information is recorded about her.
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Miss C remained unhappy and maintained Nationwide had acted unfairly by closing her accounts and had recorded negative information about her. The case has been referred to me – 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.

I appreciate Miss C was disappointed by the Investigator's opinion. I'd like to reassure Miss C that I've considered the whole file and what's she's said. But 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. No discourtesy is intended by me in taking this approach.

I'll start by setting out some context for the review of Miss C's accounts. UK legislation places extensive obligations on regulated financial businesses. Financial institutions must establish the purpose and intended nature of transactions as well as the origin of funds, and there may be penalties if they don't. This applies to both new and existing relationships. These obligations override all other obligations. In Miss C's case I'm satisfied Nationwide was complying with these obligations when it reviewed Miss C's accounts.

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 that we considered should be kept confidential. This means I haven't been able to share a lot of detail with Miss C, but I'd like to reassure her that I have considered everything that she's told us.

Miss C's account terms and conditions also allow Nationwide to block the accounts in specific circumstances. I understand Miss C's frustration with the block, and I don't doubt it would've had a detrimental impact on her, especially as she appears to have used the accounts. But I consider the block to be necessary to ensure Nationwide was able to comply with its regulatory requirements.

Whilst the accounts were blocked Miss C was able to access wages and benefits if needed. Miss C says she was told the review was complete, and she could use the account, but then this was changed and the account closed. I understand Miss C's frustration with the block, and being told the block had been removed, only for the account to then close. I can see Nationwide wrote to Miss C following its review to explain how the account ought to be used, and it provided some clear guidance to Miss C. This letter made it clear that if the guidance wasn't followed Miss C's accounts made close. Nationwide says that following this letter, which aimed to provide key information to Miss C about her account management, it found the account was still not being used appropriately. Based on the evidence I've seen I consider the action taken here by Nationwide to be reasonable. It took steps to educate and assist Miss C. Following this it acted in keeping with the account terms and its regulatory duties.

Nationwide's review of Miss C's account led to its ultimate decision to close the accounts. I understand Miss C feels this is unfair. Ultimately Nationwide is entitled to set their own policies and part of that will form their risk criteria. It is not in my remit to say what policies or risk appetite Nationwide should have in place. I can however, while considering the circumstances of individual complaints, decide whether I think customers have been treated fairly. As long as they 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 banking services without proper reason, for instance of unfair bias or unlawful discrimination. And they must treat new and existing customers fairly. Given its regulatory and legal obligations, I'm satisfied Nationwide's decision was made fairly.

The terms and conditions of Miss C's accounts set out that the bank can close the accounts immediately. In this case Nationwide blocked Miss C's account, so I consider this to be akin to an immediate closure. 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, I'm satisfied that Nationwide did.

A major concern for Miss C is the information Nationwide may have recorded about her. As the Investigator explained, Miss C is able to obtain details of information held about her from credit reference agencies and CIFAS directly.

I'm sorry this isn't the outcome Miss C hoped for, and I know she will be disappointed with the decision I've reached, but I hope it provides some clarity around why I won't be asking Nationwide to take any further action or compensate Miss C.

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 Miss C to accept or reject my decision before 27 October 2025.

Chandni Green
Ombudsman