



The complaint

Mr A and Miss A complain Nationwide Building Society (“Nationwide”) closed their savings account after asking erroneously for a third person - who wasn’t an account holder, nor did they exist - to provide ID. Mr A and Miss A says Nationwide’s actions have caused them substantive distress and inconvenience.

What happened

The details of this complaint are well known by both parties, so I won’t repeat them again here in detail. Instead, I’ll focus on setting out some of the key facts and on giving my reasons for my decision.

The savings account was opened in 2003. In August 2023, Nationwide asked Mr A and Miss A to provide ID for all account holders. After several letters requesting ID, Nationwide closed the account and moved the funds held in it to an internal account. Mr A and Miss A have said that Nationwide made a clerical error in asking for a third person to provide ID as they never existed nor were added at application - or at any time.

Unhappy Mr A and Miss A complained. Nationwide didn’t uphold their complaint saying it needed ID in line with its obligations for the third person. Nationwide also said Mr A and Miss A could withdraw the funds it was holding by attending branch, completing a form and providing ID.

Mr A and Miss A referred their complaint to this service. One of our Investigator’s looked into the complaint and asked both parties for more information. Nationwide then accepted it had made a clerical error in applying a third person to the account. And it offered £150 compensation for the distress and inconvenience this caused, and said Mr A and Miss A could withdraw the funds it was holding by going into branch.

Mr A and Miss A said Nationwide’s actions had caused them significant distress at a critical point in Miss A’s education and life. They also said the account should be reinstated and they are fairly compensated.

Our Investigator recommended the account was upheld, and Nationwide should pay £300 compensation for the distress and inconvenience caused to Mr A and Miss A. And Nationwide should pay 8% simple interest to Mr A and Miss A for being deprived of their funds.

Nationwide agreed to pay Mr A and Miss A £300 compensation, but said it wasn’t appropriate to pay 8% interest on the balance as either account holder always maintained the ability to withdraw funds at any time.

Mr A and Miss A didn’t think the main issue of this complaint was resolved – that is, Nationwide closed their account improperly and it isn’t remorseful for its errors and poor judgement.

As there was no agreement, this complaint was passed to me to decide. I then sent both parties my provisional decision in which I said I was planning on upholding the complaint. For ease of reference, here is what I said:

Provisional decision

"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Having done so, I am planning on upholding this complaint but reaching a different determination on what Nationwide needs to do to put things right. I'll explain why.

Nationwide accept it made an error in asking for a fictitious third-party to provide ID and then proceeding to close the account on this basis. I have seen Nationwide's submission to this service when it accepted this error and note it apologised by saying 'sorry'. It also made an offer of compensation to reflect what Nationwide thought it needed to do to put things right.

As both parties don't agree on what needs to happen to put things right, that is what I need to determine here.

Nationwide say it can't reopen the passbook-based account as it doesn't offer that type of account anymore. I note that is the case, so I can't direct Nationwide to reopen that exact account or its type. However, should Mr A and Miss A want another savings-based account with Nationwide, I'm satisfied it should do so.

I've also carefully thought about the impact Nationwide's errors have had on Mr A and Miss A, which includes the several branch visits, correspondences, and how it specifically caused distress to Miss A. Having done so, I'm satisfied £300 is fair compensation for the distress and inconvenience they suffered.

Lastly, I note Nationwide disagree 8% simple interest should be added for the time Mr A and Miss A were deprived of their funds. Mr A and Miss A have never said they had earmarked the funds for any purpose and the fact they want the account reopened suggests the funds would have remained in the account attracting the prevailing savings interest rate.

Nationwide also say that Mr A or Miss A could have withdrawn the funds at any time – so they shouldn't be compensated for any period for deprivation of funds. But given the crux of the error is that a third-party ID was required, and given the several protests Mr A has made to Nationwide to make it aware of the error, I think Mr A and Miss A have taken up a reasonable position by not attempting to withdraw the funds whilst this error was investigated by this service. After all, because of it, they would most likely have believed that until this third person issue was resolved, Nationwide wouldn't have given them their funds by accepting their ID's alone.

So for these reasons, I am planning on directing Nationwide to pay any prevailing rate of interest on the account from closure until settlement – even if that means putting the funds into another of its savings' account if that is what Mr A and Miss A want".

The deadline for further arguments and evidence to be presented to me has now passed. Mr A and Miss A haven't responded. And after asking for an extension to my deadline, Nationwide have now responded. Nationwide says that having reviewed the provisional decision it wishes to accept.

Nationwide say it agrees to provide £300 in compensation and to open a savings account, backdating the applicable interest, should this be the preferred resolution for Mr A and Miss A. I will now decide this complaint.

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.

Having done so, and for the reasons in my provisional decision – see above – I have decided to uphold this complaint.

Putting things right

To put things right, Nationwide must:

- Pay Mr A and Miss A £300 compensation
- Open a savings account for Mr A and Miss A if they indicate that is what they want
- Pay the prevailing savings interest rate on Mr A and Miss A's funds throughout the time they have been with Nationwide and until either the funds are either withdrawn or transferred to a new savings account with Nationwide*

*If Nationwide considers that it's required by HM Revenue & Customs to deduct tax from that interest, it should tell Mr A and Miss A how much it's taken off. It should also give Mr A and Miss A a tax deduction certificate if they ask for one, so they can reclaim the tax from HM Revenue & Customs if appropriate.

My final decision

For the reasons above, I have decided to uphold this complaint. I now direct Nationwide Building Society to put things right as directed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A and Mr A to accept or reject my decision before 1 July 2025.

Ketan Nagla
Ombudsman