

The complaint

Mr G complains that Nationwide Building Society unfairly restricted and later closed his account. He's also unhappy that some of the funds in his account have been withheld by Nationwide.

What happened

In September 2024, Nationwide restricted the account and contacted Mr G about a payment he'd received, asking that he provide evidence of his entitlement to the funds. Mr G provided some information, explaining that the funds were for an orphanage. The firm didn't find Mr G's submissions to be satisfactory, so it withheld the funds and issued Mr G with notice that his account would be closed.

In response to the complaint, Nationwide explained it had acted in accordance with its terms and regulatory obligations. The firm said it would continue withholding the funds in question, until Mr G provides evidence of his entitlement to these funds.

Remaining unhappy, Mr G referred his complaint to this service, seeking an explanation, compensation and for the remaining funds to be released. He says Nationwide's actions affected his ability to meet his day-to-day living costs, including bills, and this caused him stress. Mr G adds that he had to borrow funds to pay for essentials. One of our investigators concluded that Nationwide acted fairly. Mr G disagreed and asked for a final decision, so the complaint has been passed to me.

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.

Nationwide has important legal and regulatory responsibilities to meet when providing accounts to customers. These obligations are ongoing and don't only apply when an account is opened. They can broadly be summarised as a responsibility to know its customers, monitor accounts, verify the source and purpose of the funds as well as detect and prevent financial harm. Nationwide may need to restrict and review accounts to comply with these responsibilities.

I've also considered the basis for Nationwide's review, which I find was legitimate and in line with its legal and regulatory obligations.

Nationwide's terms and conditions say that it can close an account by giving two months' notice or with immediate effect in certain circumstances. The terms also explain that Nationwide can restrict accounts in the way that it did. Having looked at all the evidence and the terms and conditions, I'm satisfied that Nationwide was acting fairly and reasonably when it decided to close the account by giving Mr G three months' notice – longer than what's set out under its terms. I can see that Nationwide also allowed Mr G to submit further evidence during the notice period, to prove his entitlement to the funds. I'm satisfied it was fair for Nationwide to do so.

Nationwide has provided some further details of its decision-making process which, unfortunately, I can't share due to its commercial sensitivity. But I've seen nothing to suggest that Nationwide's decision around closing Mr G's account was unfair.

Mr G remains unhappy that Nationwide retained some of the funds in his account. I note there appears to be a misunderstanding as to where the funds have been sent. As our investigator has clarified, the funds remain with Nationwide until Mr G provides appropriate evidence of his entitlement to them. I'm satisfied Nationwide's act in withholding the funds is reasonable.

Mr G told the firm and this service that the funds were intended for an orphanage. I can see he provided a letter from the payer as confirmation of this. However, like Nationwide, I'm not persuaded by these submissions, particularly as Mr G hasn't evidenced that the funds have indeed reached the orphanage that he says the funds were destined for. Nor has he evidenced that there was a formal arrangement that he would facilitate the transfer of funds to the orphanage. So I think it's reasonable for Nationwide to continue withholding the funds that remained.

I note that Mr G seems to dispute the amount that Nationwide has chosen to retain. Looking at the transaction history of Mr G's account, I can see that Nationwide has retained over £700, which is what seems to have remained of the original £1,000 payment Mr G received. So I'm satisfied the amount retained by the firm is correct.

I appreciate Mr G experienced some difficulties because his account was restricted. He says he was unable to meet his essential living costs. However, Nationwide has provided evidence to show that the type of restriction it put in place meant Mr G could withdraw his salary or benefits in branch. And I can see that Nationwide continued to allow direct debits to be paid. So, although I don't doubt this would have been a difficult period for Mr G, I can't see that he was denied access to essential funds.

Overall, I'm satisfied Nationwide has acted fairly, so I won't be asking Nationwide to do anything further in relation to this complaint.

My final decision

For the reasons explained, I'm not upholding this complaint. Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 23 February 2026.

Abdul Ali
Ombudsman