

The complaint

Mr P complains that Nationwide Building Society ("NBS") blocked his online banking following an attempt to make a payment to a friend. Mr P says NBS had no evidence he was the victim of a scam or otherwise and despite cancelling the payment NBS continued to restrict his account for almost six months when the evidence he submitted – which was available in the public domain - was enough to have the blocks eventually lifted.

What happened

On 19 March 2024 Mr P attempted to make a payment online of £950 to a third party. NBS's system flagged the payment for further checks and applied a block to Mr P's account restricting his ability to make payments online, withdraw cash or set up new direct debits until Mr P spoke to its fraud department and provided information on the recipient beneficiary he was wished to pay. Following speaking to NBS Mr P requested the payment be cancelled hoping that would be the end of the matter.

On 22 March Mr P visited a branch of NBS with ID and complained that his account had been blocked and about not having access to his money. NBS explained that unless he provided it with what the information and evidence requested it wouldn't be able to unlock his account.

On 23 March Mr P informed NBS that the payment was intended to support someone he had met on a dating site as she was in an unsafe situation with her children. NBS requested Mr P provide a photo of the payee with them holding their ID as well as correspondence between the parties to confirm a genuine relationship. Until this evidence was received NBS advised the block would remain in place. Mr P stated to NBS that as he'd already requested the transaction was cancelled, he would not be providing the evidence NBS had asked for.

On 10 April Mr P attempted to withdraw £1,000 in branch. Mr P says he confirmed the cash was for the payee but stated that he might use it for other purposes. NBS refused the request as Mr P still hadn't provided the evidence requested.

Mr P doesn't understand why if NBS isn't involved in a transaction - such as paying someone in cash - it wouldn't allow the transaction and that by not allowing the requested cash withdrawal believes this is a clear violation of the limited duty of care it has. Mr P advised that he may come back to the branch if he needed money for groceries.

Mr P visited branch again on 16 April to withdraw funds and NBS took the decision to call the police as there were concerns Mr P was the potential victim of a scam.

On 30 April Mr P emailed NBS and explained the payee and her children were now safe from harm and confirmed that she – who has no relationship with NBS - would be contacting NBS about the situation.

NBS confirmed that it can't discuss Mr P's case with the payee, wouldn't be responding to her and still required evidence of the payee and Mr P's relationship with her before it could lift the blocks.

On 1 May the payee emailed NBS and explained her relationship with Mr P and the reason for the payment.

On 3 May Mr P visited a branch and withdrew £200 for a daily spend. NBS asked Mr P about the outstanding evidence it was waiting on and confirmed that emails had been sent to Mr P detailing what it needed to lift the blocks.

On discovering new direct debits that had been set up had bounced Mr P phoned NBS on 16 May and was told direct debits set up after the block had been put in place would be affected.

On 23 August Mr P called NBS to find out why police were called at an earlier branch visit and NBS explained its concerns and why this action was taken.

On 12 September Mr P again called NBS where it was discussed how long the case had been going on with no updates with Mr P confirming he'd not requested the information needed from the payee as didn't believe he had any reason to and that he wasn't happy NBS refused to speak to her and that she had since moved.

On 4 October NBS's case handler called Mr P and explained that they are willing to accept the payment was meant to be genuine, but Mr P must provide evidence. Mr P stated that NBS was overstepping and Mr P was informed he could close his account if necessary but that without the evidence it can't remove the block on his account.

On 9 October Mr P called to confirm it had received the evidence he had sent which was then flagged with the fraud team and was awaiting a response.

On 10 October NBS's case handler called Mr P back to confirm NBS had no further fraud concerns and his account was now unlocked.

Mr P raised a complaint about all of this and NBS issued a final response on 11 October. NBS didn't agree it had done anything wrong when it blocked Mr P's account as its terms and conditions allow it to take this action when it has concerns and it is required to do this by law.

But NBS agreed it had provided a poor service and overstepped at times and hadn't listened to Mr P and acknowledged he'd been very forthcoming about his relationship with the payee. It agreed despite following the correct processes there were missed opportunities to resolve the situation sooner. Furthermore, it apologised for any embarrassment caused when it wasn't able to discuss the situation with the payee.

By way of apology NBS credited £250 in compensation to Mr P's account. Mr P was dissatisfied with this and so returned the payment in cash and brought his complaint to this service.

Mr P is extremely unhappy with the way he's been treated. In particular, he is unhappy that despite all NBS's resources and information he provided, it continued to ask for evidence that wasn't available, asked intrusive questions and insisted for months that a simple transaction was a scam and then abandoned this when confronted with the evidence attached to his complaint.

During this period Mr P was denied free access to his money and had to seek approval to withdraw funds from NBS's fraud team despite there being no evidence of a scam and

embarrassed him in front of other customers by calling the police and confronting him in the main hall rather than somewhere more discrete.

One of our investigators looked into Mr P's concerns but didn't think NBS had treated Mr P unfairly or had made an error when it declined the payment and applied the blocks to Mr P's online banking as it has a responsibility to protect its customers and employ safeguarding measures to protect against fraud and scams. Given the circumstances of the payment Mr P wished to make they thought the action taken was reasonable and in-line with its terms and conditions.

And when Mr P refused to answer the questions or provide the information needed to lift the restrictions, they understood why NBS felt it necessary to escalate matters and invoke banking protocol and contact the police.

They agreed Mr P had been inconvenienced and that NBS's service could've been better but as NBS had apologised for this and acknowledged its errors so they thought the £250 compensation NBS had offered was fair.

Mr P disagreed with our investigators view and has asked for an ombudsman's decision on the matter. Mr P says NBS's suspicions of a scam were unreasonable and unjustified and that if it had serious concerns it should've called the police sooner than it did. Mr P is particularly unhappy that NBS continued to suspend his account despite him cancelling the transaction as from this point he believes there was no basis for investigating anything or blocking the account. Mr P thinks NBS's actions were culturally biased and questions if the evidence he submitted was not what NBS requested to lift the block why did they lift it and why not lift it sooner than it did.

I issued my provisional decision on 22 September 2025. In my provisional decision, I explained why I was proposing to uphold Mr P's complaint. I invited both parties to let me have any further submissions before I reached a final decision.

NBS maintains it did nothing wrong as it stuck to its policies and procedures and says if Mr P had provided the evidence to it sooner the matter would've been resolved sooner. Mr P says it wasn't physically possible to provide the photographic evidence requested and that the £600 compensation recommended is inadequate.

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.

In my provisional decision I said that:

"...ours is an informal dispute resolution service, and although we do take relevant law and regulation into account when arriving at our decisions and I have considered all of Mr P's submissions and complaint points, my remit is focused on whether I feel a fair and reasonable outcome has occurred - our rules allow me to do that.

The crux of Mr P's complaint is that it was unreasonable for NBS to block the payment as there was no evidence of a fraud or scam and that the continued suspension of his account was unfair especially as the transaction was cancelled and NBS was able to lift the block despite never receiving the evidence it requested.

It might be helpful for me to say here that I don't have the power to tell NBS how it needs to run its business and I can't make NBS change its systems or processes – such as how or

when payments are processed or held for fraud prevention. These are commercial decisions and not something for me to get involved with. Nor can I say what procedures NBS needs to have in place to meet its regulatory obligations or when it should invoke banking protocol and its processes around this. We offer an informal dispute resolution service and we have no regulatory or disciplinary role.

That said I don't think it was unreasonable for it to have systems in place – in this case carrying out checks on outgoing payments that meet certain criteria for scam and fraud prevention - to ensure the transactions are legitimate and it meets its regulatory requirements. As I'm sure Mr P understands this is needed not only to protect businesses against criminal activity, but also their customers.

Furthermore, I don't think NBS has acted unfairly or did anything wrong in declining to make the payment and applying restrictions to his online banking or invoking banking protocol when it had what I think are legitimate concerns about the type of payment he was trying to make.

From the information I've seen and the evidence NBS had to hand Mr P wished to make a large payment (£950) to a third-party who was living abroad which Mr P had met on a dating site online – but not in person - who needed help getting out of an unsafe situation and needed money for travelling expenses – a plane ticket abroad.

This is inconsistent with what Mr P later explained and elaborated that the payment was to a person studying law in Britain and also a practising lawyer (who he met a couple years earlier on a dating site and a friendship developed) to collate the bibliography of a book he was editing.

So I can understand NBS's concerns especially when as soon as Mr P was asked for evidence of the payee – instead of providing it he decided to cancel the payment and try and fund the payment another way by withdrawing cash.

So I don't think NBS treated Mr P unfairly when it stopped him from making this payment and restricted him from doing this from his NBS account until it could satisfy itself of the legitimacy of the payment, and that Mr P wasn't going to be a victim of a romance or other type of scam and that it had done all it can to safeguard its customers money.

And given Mr P was unwilling to provide the information and detail NBS had requested and NBS's concerns Mr P could potentially be the victim of a scam, I don't think NBS did anything wrong when it made the decision to invoke banking protocol and contact the police on around his forth visit to branch. I accept Mr P doesn't think that this was necessary – and I agree this could've been handled more discreetly than it was - but NBS have a responsibility to ensure that they are doing what is expected to protect their customers and by invoking the Banking Protocol as it did here, I don't think this was unreasonable in the circumstances.

I accept Mr P believed the payment he wished to make was for a legitimate purpose and the recipient genuine and appreciate he has some knowledge about scams, but NBS aren't privy to this first-hand knowledge and Mr P's personal circumstances. And despite information being available online about the payee and her credentials, as Mr P hadn't met them personally there is no way of knowing this is the actual person he'd been corresponding with despite what is in the public domain. And as scammers become more sophisticated businesses have to do more to ensure it is safeguarding its customers money.

And nor do I think it is wrong that NBS refused to speak to the payee. As she wasn't an account holder NBS are unable to verify who she says she is and NBS simply can't divulge information on the customers it holds.

I appreciate Mr P has been both distressed and inconvenienced by all of this, but the actions NBS took are allowed under its terms and conditions and is in-line with its regulatory obligations and ultimately, it took this action to protect Mr P's interests, so I don't think NBS have acted unreasonably or treated Mr P unfairly here.

Fortunately, the blocks have now been lifted and Mr P can now freely use his account again. NBS have acknowledged the service Mr P has received throughout this process - despite following its procedures correctly - has at times been poor. In particular, NBS agree at times it overstepped and hadn't listened to Mr P properly regarding his relationship with the payee despite him being very forthcoming. By way of apology NBS have offered Mr P £250 in compensation.

And after carefully considering everything, I currently don't think this is enough to compensate Mr P for the distress and inconvenience he suffered. As I stated above although I don't think NBS did anything wrong in blocking the payment the way it did or requesting the information it did, I think the matter dragged on for far too long and I think NBS could've perhaps looked at other ways of safeguarding Mr P's money such as limiting the restrictions applied to his account or only blocking the recipient he wished to pay.

Although I accept that by not blocking Mr P's account it may have been possible for Mr P to make a transfer to an alternative bank account or withdraw sufficient funds and make the payment that way - and I appreciate NBS concerns around that. But I think the continued restrictions to Mr P's entire account for almost six months, NBS's inflexible approach and requiring Mr P to have cash withdrawals for day-to-day living approved by NBS's fraud department went too far. Especially considering how forthcoming Mr P was about his relationship with the payee and that he'd requested cancellation of the initial payment and that ultimately in the end NBS decided to unblock Mr P's account despite not receiving the information it said it needed.

But I'm also mindful of the fact that Mr P has to take some responsibility for what's happened as the restrictions remained in place because he did not wish to engage fully in NBS's safeguarding processes and refused to supply what I think was reasonable evidence to prove a legitimate relationship with the payee.

And so taking this all into consideration I am minded to uphold Mr P's complaint and currently think NBS should compensate Mr P £600 for any distress and inconvenience suffered. I appreciate Mr P is looking for more compensation than this, but our role isn't to punish or penalise businesses for their behaviour – that is the role of the regulator – and I think this level of compensation is fair in the circumstances.”

I have considered both Mr P and NBS's responses to my provisional decision but as neither party has provided any further new evidence or arguments for consideration, I see no reason to depart from the conclusions set out in my provisional decision. It follows that I uphold this complaint and direct NBS to compensate Mr P £600 for the distress and inconvenience suffered.

My final decision

My decision is I uphold Mr P's complaint and direct Nationwide Building Society to pay £600 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 8 December 2025.

Caroline Davies
Ombudsman