

The complaint

Mr R is unhappy Nationwide Building Society (Nationwide) blocked and closed his accounts.

What happened

The facts of this complaint are well known to both sides, so I will summarise them below.

Nationwide blocked Mr R's accounts, including his current account, savings account and credit card account, on 23 May 2025. They spoke to Mr R the same day to ask him some questions about his account usage. Mr R's accounts remained blocked until 12 June 2025, when they were then closed immediately.

Mr R lives abroad. He's explained he uses his current account to transfer money abroad to satisfy that countries VISA requirements. He used his credit card for general spending as well as to pay his health insurance. Mr R has provided evidence of his account usage in the form of statements and his passport showing his VISA and has fully cooperated with Nationwide from the outset.

Mr R has detailed the impact Nationwide's block and immediate closure of his accounts had on him, namely:

- He couldn't receive his state pension and had to spend time and effort arranging for this to be paid elsewhere. Because this couldn't be done in time, he had to liquidate one of his investments to meet his VISA requirements which came at a cost.
- His account was blocked the same day his credit card payment was due to come out. Because of the block, this wasn't paid. He said at no point was he told his credit card wouldn't be paid from his Nationwide current account as usual and it was only once he received his June bill that he realised it hadn't been paid. He says this missed payment has damaged his credit standing.
- He's suffered costs in relation to his phone bill in trying to resolve matters with Nationwide and rearrange his payments.
- His health suffered due to the stress of the situation, and he had to pay for medication for this.
- Because he couldn't use his debit or credit card he suffered exchange rate losses when exchanging currency for a trip he took.

Nationwide said they restricted and closed Mr R's accounts in line with the terms and conditions. It offered Mr R £200 compensation for some customer service issues in the complaint process which Mr R accepted, but Nationwide haven't paid.

Mr R referred his complaint to our service. Our investigator didn't uphold the complaint saying that Nationwide was entitled to block Mr R's accounts and had acted within the terms and conditions in closing them. She explained that Nationwide doesn't have to give a reason for their decision.

Mr R disagreed, so the complaint has been passed to me to decide.

My provisional decision

I issued my provisional findings on 20 January 2026 and said the following:

"I will start by explaining that we have received information from Nationwide as to the reasons for the block and closure of Mr R's accounts. I appreciate Mr R wants to know these reasons. So, I know this will be disappointing to Mr R but I'm satisfied Nationwide doesn't have to share this with him. This type of information is often commercially sensitive. Nationwide does however have to share it with our service, so we can ensure it is acting correctly. Our rules allow us to accept evidence in confidence, and it wouldn't be appropriate for me to share the reasons with Mr R, for the same reason as above. But I hope that it helps Mr R to know that someone impartial and independent has looked into this.

Nationwide has a wide range of legal and regulatory obligations they must meet when providing account services to their customers. This includes monitoring accounts, knowing their customers and verifying the source and purpose of funds moving through accounts. These obligations are ongoing so don't just apply at account opening stage. If Nationwide didn't do this, they could risk serious sanction.

To comply with these obligations, Nationwide may need to block an account whilst a review takes place. So, while I accept the block caused Mr R inconvenience, I find Nationwide acted fairly and had no obligation to tell him beforehand that they were going to apply a block to his accounts.

Whilst Nationwide was entitled to block Mr R's account, we would expect a review to be carried out without any undue delays. Nationwide blocked Mr R's account on 23 May and spoke with him the same day to gather information to help with its review. His accounts then remained blocked until 12 June when the decision was made to close his accounts with immediate effect. Nationwide has explained its review process and having considered this, I'm satisfied there were no unreasonable delays in this time.

Sometimes reviews will lead to accounts being closed, as is the case with Mr R's accounts. Nationwide are entitled to decide who they do business with, just as Mr R can decide who he wants to bank with. But it should be noted, that if a financial institution chooses to close an account, they should do so in line with the terms and conditions of the account, and their reasons should be legitimate, fair and non-discriminatory.

Having reviewed Nationwide's reasons for closing Mr R's account, whilst I think they were ultimately able to do so, I'm not persuaded they acted correctly in closing them immediately. Instead, I think notice should have been given in line with the terms and conditions.

Mr R has detailed the impact the block and closure had on him. Some of the inconvenience he faced was due to the initial block, which as I've explained, I'm satisfied Nationwide was entitled to do in order to ensure it was complying with its legal and regulatory obligations. So, the situation with his pension needing to be redirected and the cost associated with his asset sale aren't something I will be asking Nationwide to compensate him for.

Mr R has also mentioned various costs he would like covered. However, without evidence of these costs, I'm unable to ask Nationwide to cover them. But in any event, some of the costs, for example a portion of the phone bill, would fall into the period of the block. Which as I've explained, isn't something Nationwide is accountable for.

However, it's clear that the immediate closure had an impact on Mr R. He's explained that his Nationwide accounts were the only accounts he had with a payment card, meaning he was without any direct access to this facility until he was able to arrange a card on his international bank account. Mr R has explained how the stress of the situation led to medical issues. Had he had the required notice under the terms and conditions, this would have relieved this time pressure, and ultimately the stress of the situation.

I'm also not persuaded that Mr R's credit file should be impacted by his missed credit card payment. The missed credit card payment was a result of the block, which I've explained Nationwide was entitled to do. However, Mr R has explained he didn't realise the block meant his credit card payment wouldn't be made, given this was coming from his Nationwide current account to his Nationwide credit card. Presumably therefore assuming that Nationwide would arrange this payment still. And he's pointed to the email sent notifying him of the block which states "While we're reviewing your accounts, you won't be able to pay money in or take any out." Meaning in his mind, he couldn't make a payment anyway. This isn't an unreasonable assumption to make, especially as no one at Nationwide informed him to continue making his credit card payments. Mr R has explained that as soon as he realised his May payment had gone down as a missed payment, he paid this.

So, whilst I don't find Nationwide made a mistake in blocking Mr R's accounts, I do think if they have recorded a late payment marker on Mr R's credit file, this should be removed. I'm not persuaded he deliberately withheld payment, but instead, the missed payment was a consequence of the wider situation with the block, and this wasn't made as clear as it could've been by Nationwide. It is not therefore an accurate reflection of how Mr R manages his credit card account.

Nationwide has admitted to some customer service issues during the appeal process, so I've not had to investigate this. But taking this into account, I think Nationwide should pay a total of £400 for the distress and inconvenience caused."

Nationwide responded to my provisional decision disagreeing that they made an error in closing Mr R's accounts immediately and therefore asking the award for compensation to be reconsidered. They did however say they shouldn't have charged any interest or fees on Mr R's accounts whilst the blocks were in place, so said they would refund these and remove any adverse information recorded on his credit file which resulted from the block.

Mr R responded to my provisional decision. He explained that Nationwide have in fact paid the £200 compensation it offered in its final response. He said the remaining issue is really around his out-of-pocket expenses. He explained he disagrees with the provisional decision for two reasons:

- He says the idea his accounts could be involved in anything nefarious is absurd. He believes a false positive was used to illegitimately close his accounts.
- He feels the damage and cost to him of Nationwide failing to provide the contractual notice period warrants a higher level of compensation.

Mr R elaborated that as he wasn't given the reason for Nationwide's decision, he wasn't able to meaningfully refute it. He feels the block being applied on the exact date his credit card payment was due was not accidental as Nationwide used the resulting missed payment as a reason for the immediate closure. He thinks the compensation should be increased as a result.

Mr R reiterated his losses including the telephone costs, medical expenses and currency exchange losses. He also specifically refutes that he isn't entitled to the loss he incurred in

cashing in one of his investments, which he did on 4 June 2025, as he was unable to get his pension paid elsewhere on time.

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 my decision remains unchanged from the conclusions I reached in my provisional decision. I will explain why.

I have taken on board Nationwide's comments around the fact they feel the immediate closure was correct. However, no further evidence has been provided to back up why this was necessary and considering the evidence Mr R has provided, I'm satisfied notice should have been given in line with the terms and conditions. So, it follows that I still believe this complaint should be upheld on this point.

Mr R believes his account was blocked on the date his credit card payment was due on purpose. However, I have seen nothing to suggest this was the case and whilst I'm unable to let him know the reason for the immediate closure I can assure him it wasn't because he missed his credit card payment. I do fully appreciate Mr R's frustration around not knowing why Nationwide blocked and closed his account and I can understand why this feels unfair to him. I'd like to reassure Mr R again that I have considered Nationwide's reasons carefully. While I believe they are within their rights to close his accounts – just as he could have chose to do this – I have upheld the complaint because I don't believe Nationwide had strong enough reason to close the accounts immediately.

Nationwide has agreed to refund any interest and charges on Mr R's accounts which were the result of the block, and it's also agreed to remove any adverse information from his credit file. I believe this is a fair and reasonable outcome in the circumstances.

In relation to Mr R's losses, I'm afraid my stance on this hasn't changed in that without any evidence of these costs, I can't recommend Nationwide cover them. But I should point out that whilst I'm unable to recommend Nationwide cover his costs, when awarding compensation to Mr R I have taken on board his health concerns and time spent on the phone to Nationwide.

Mr R believes the loss he suffered in cashing in one of his investments and the inconvenience this caused, should be covered by Nationwide. Mr R cashed in his investment as a result of not receiving his pension and did this on 4 June 2025. However, as I explained in my provisional decision, this loss is a result of the block on his current account. Nationwide was entitled to block Mr R's account in order to comply with their legal and regulatory obligations and I found there to be no undue delays during the course of the block. The account was blocked until 12 June 2025 and so the issue Mr R faced with his pension payment – which was due into his account during the blocked period – isn't something I can hold Nationwide accountable for. It follows that I won't be asking Nationwide to cover Mr R's losses in relation to cashing in his investment.

To conclude, I have no doubt that Nationwide's decision to close Mr R's accounts caused him a great deal of distress and inconvenience and I agree this warrants an award. But I also have to take into account that some of the inconvenience and time Mr R lost was during the initial block period. It came from him contacting Nationwide about the block, providing information to them and having to redirect his payments. But these aren't things I can hold Nationwide accountable for, as explained above. So, when I take out the fact the block on his accounts was done so correctly, I find a total award of £400 to be fair and reasonable.

This total award reflects the fact Mr R was without an account unexpectedly rather than having the notice period to get his affairs in order and the service issues he faced during the appeal process. I note that it took Mr R longer than the two months' notice period to get a card on his existing account. So again, I think he unfortunately would have always suffered with some of this inconvenience too, as anything beyond the notice period isn't something I can hold Nationwide accountable for.

Putting things right

In order to put things right, I direct Nationwide to do the following:

- Remove any adverse information it recorded on Mr R's credit file during the period of the block and closure of his accounts.
- Refund any interest and charges applied to Mr R's accounts as a result of the block.
- Pay £200 compensation taking the total award for distress and inconvenience to £400.

My final decision

My final decision is that I partially uphold Mr R's complaint against Nationwide Building Society and direct it to settle the complaint as detailed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 16 March 2026.

Sarah Brimacombe
Ombudsman