

complaint

Mrs L complains that Nationwide Building Society blocked her account for more than a year and didn't allow her access to the money in the account. She says Nationwide took too long to return her money, didn't keep her updated and didn't let her know what information she needed to provide to have the block removed. She says this caused her distress and inconvenience and she wants Nationwide to compensate her.

background

Mrs L has a current account with Nationwide. English is not Mrs L's first language.

Mrs L has also complained about a joint account she has with her son, Mr L. For ease this decision will only deal with her complaint about her current account.

On 17 June 2017, as part of its security processes Nationwide blocked Mrs L's account and asked her for information about the origin of the money coming into the account between May and June 2017.

Between June and September 2017, Mrs L's son gave Nationwide more information about the credits coming into the account. This included an invoice for the sale of a car and a hand written loan agreement. Mrs L also told Nationwide the money had come from stocks and shares, rental income for properties overseas and relatives. Nationwide weren't satisfied with what Mrs L and her son said. So it didn't unblock the account. Nationwide eventually unblocked the account in July 2018 and allowed Mrs L to withdraw the money in her account.

Mrs L and her son complained to Nationwide that they'd visited a branch on more than one occasion to try and get things sorted out and gain access to the account. Mrs L said she and her son had followed Nationwide's instructions to contact its Specialist Investigation Department (SID) and visited a branch to ask staff to call SID on their behalf. They did this on more than one occasion. But still couldn't get access to their money.

On 28 September 2017, Nationwide's SID told Mrs L and her son it would send a letter to them explaining what information they'd need to submit to show that Mrs L was entitled to the money in her account. But the letter wasn't sent. In October 2017, Mrs L's son told Nationwide his mother hadn't received the letter and he asked Nationwide to send the letter again. But it wasn't sent. Mrs L says the problems with the account could therefore have been resolved much more quickly. They asked for compensation for the distress and inconvenience the poor service caused.

In response, Nationwide said it had acted in line with regulations when it froze Mrs L's account. So it didn't offer any compensation for this. Mrs L wasn't happy with Nationwide's response so she brought her complaint to us.

One of our investigators looked at the complaint. She thought that Nationwide could've resolved things sooner. She didn't find any evidence to show that Nationwide had sent the letter to Mrs L in September or October 2017. She thought Nationwide should've done more to help Mrs L understand what she needed to do, especially as she had difficulty communicating in English. So she said that Nationwide should pay Mrs L compensation for the delays caused by its poor service.

Mrs L accepted what our investigator said. But Nationwide disagreed. It said it had complied with its legal and regulatory obligations when it blocked the account. And said the delays were due to Mrs L not providing adequate information about the origin of the funds coming into her account. As no agreement has been reached to settle this matter, the complaint has been referred to me.

my findings

I've considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. Having done so, I've reached the same conclusions as the investigator.

I'll start by setting out some context for the review of Mrs L's account. UK legislation places extensive obligations on regulated financial businesses to have suitable systems in place for customer identification. Financial institutions must also establish the purpose as well as the origin of funds, and there may be penalties if they don't. This applies to both new and existing relationships. Nationwide has said that its review of Mrs L's account was to meet these legal requirements.

The implications for a bank in failing to comply with the legislation can be significant. So, while I appreciate the inconvenience to Mrs L in this instance, I can appreciate why Nationwide asked her to provide more information and blocked the account, when the information they asked for wasn't adequate. I say that because if Nationwide didn't comply with the legislation, the potential cost of non-compliance would have been substantial. Therefore, I'm satisfied the requests for information were appropriate.

Nationwide's communication about the review and block

Nationwide says that Mrs L and her son didn't provide them with enough information to show that she was entitled to the money which had been paid into her account.

I can see that there might be some information gaps if Nationwide had relied solely on the invoice for the sale of the car and hand written loan agreement. And I've noted that Mr L also told Nationwide that the money had come from relatives and income from overseas rental properties. But, I think it's fair to say that the documents and other information Mrs L and her son gave Nationwide, provided some clarity.

Mrs L says she and her son visited a branch on several occasions to try and find out what further information she could provide to help Nationwide with its enquiries. And made a number of phone calls to try and sort things out.

I can understand why Nationwide needed to establish full and correct details. But I think Mrs L was reasonably entitled to rely on the bank's staff, in particular the SID, to guide her through this process. And, as far as I can see, there is no clear evidence to show that Mrs L intentionally misled or misinformed Nationwide.

I agree that Nationwide was entitled to make the enquiries it felt necessary before deciding whether to unblock the account. And I can't say that Nationwide made an error when it decided to review the account in line with its policy. But it appears to me that there were significant failings on the part of Nationwide in the way it communicated with Mrs L.

Clearly it was a matter of great importance to Mrs L to be able to operate her account. When the account was unexpectedly blocked it seems to me that Mrs L did everything she could to try and resolve the matter with the bank – but she was frustrated in this by the way Nationwide dealt with her and her son. It looks to me as if they had difficulty speaking to anyone who was able to deal effectively with their situation. Mrs L also had to travel to a branch to speak to a specific member of staff who could speak Mandarin who then contacted SID on her behalf. But I've also noted that this member of staff wasn't always available when Mrs L attended the branch. And as a result she and her son had quite a bit of difficulty communicating with other members of staff.

On 28 September 2017, due to the communication difficulties Nationwide told Mrs L's son that it would provide him a letter setting out what information Mrs L needed to provide. But I haven't seen any evidence that Nationwide sent this letter. I've also noted that Mr L chased Nationwide on 13 October 2017 for the letter. But I can't see that Nationwide sent it to him. I think if this letter had been sent it's likely this would've helped move things forward, especially given the language difficulties in this particular case.

Bearing in mind that Mrs L and her son had already provided documentation concerning the origin of the funds in the account between June and September 2017, I think it's fair to expect this should have enabled Nationwide and its SID to identify and raise any queries arising at the time. So I think by this time Nationwide could've progressed things differently in line with its regulatory obligations. But it didn't do so until May 2018.

In summary, based on the evidence, I think it was clear that as of September 2017, Nationwide weren't satisfied with the information Mrs L had provided about the money in her account. And when Nationwide identified further enquiries it wanted to make, I consider it should have communicated more effectively with Mrs L - had it done so, I think it's likely it could've reached a decision more quickly. So I think Nationwide could've been more efficient in their processes which would've resulted in the block being lifted sooner.

I can see that this issue has had an impact on Mrs L and caused her trouble and upset. Mrs L's bank account was frozen for more than a year. That would have had an impact on almost anyone. She wasn't able to use her account until July 2018, when she withdrew the balance. In this case, I don't think Nationwide did enough to listen to what Mrs L and her son were telling them or let them know what evidence they could provide about the money in Mrs L's account. And they didn't take any steps to move things forward until May 2018. This could've been avoidable had the bank handled things differently.

Overall, I consider that the circumstances here are such that Mrs L is entitled to some compensation for trouble and upset this caused. I find that the investigator's recommendation is broadly fair. So Nationwide should pay Mrs L compensation by adding 8% interest per year simple to the closing balance of her account up until the date the balance was released to Mrs L. The reasoning behind this is that Mrs L should've had access to the money. And if she'd had the money returned she would've made use of that money sooner.

my final decision

For the reasons I've explained I uphold this complaint. To compensate Mrs L for the trouble and upset caused by taking too long to allow Mrs L access to her money Nationwide Building Society should pay Mrs L interest at 8% per year simple from 1 October 2018 until 19 July 2018 on the balance of her account, which was £12,315.75†

HM Revenue & Customs requires Nationwide to take off tax from this interest. Nationwide must give Mrs L a certificate showing how much tax it's taken off if she asks for one.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs L to accept or reject my decision before 28 January 2019.

Sharon Kerrison
ombudsman