

The complaint

Mr L complains that Nationwide Building Society closed an account he held with them without notification. Mr L said the account had accumulated interest of around £600.

What happened

Mr L opened a Nationwide Instant Access Individual Savings Account (ISA) in 1999. He went to a Nationwide branch in December 2019 to close the account, but was told the account was closed when an ISA transfer out of the balance of £659.48 took place on 17 April 2012. Nationwide said this would have been initiated by another ISA provider but due to the lapse of time it couldn't see who this was. Mr L said the statement Nationwide sent showed the money transferred out rather than closure and transfer as Nationwide had said. Nationwide provided a reference number for a cheque payment for £659.48 which it said was cashed.

But Mr L said he never requested a transfer and thinks the account was closed without his permission. He said the account statement confirms this and he left a balance in the account of £1 as shown in his passbook, and so he was surprised to learn that previously added interest meant there had been a balance over £600. Mr L questioned why the account was closed and requested the funds be returned to him. He referred his complaint to our service.

Our investigator didn't recommend the complaint be upheld. He said the evidence shows the full balance of the ISA, £659.48, was transferred on 17 April 2012. He said that there are only limited records, but Nationwide has provided Mr L with the available information.

Mr L says he didn't make this withdrawal and so the account should still have at least the £659.48 balance remaining. Mr L said Nationwide had suggested that the funds had been transferred out to another ISA, which would mean that a passbook wasn't required, and this would explain why there was no entry on Mr L's passbook. But it was later established that the withdrawal was by cheque and the account was closed. However, due to the passage of time, the information that Nationwide were able to provide was limited.

Mr L provided his passbook, with the last transaction a withdrawal of over £20,000 in 2008, which left £1 in the account. The investigator said there were no further entries at this time, and with interest added he thought the balance was withdrawn from the account on 17 April 2012. He said Nationwide had confirmed that a customer would normally require a passbook for a withdrawal over £500, however branch managers can use their discretion about this and so it's possible for an account to be closed without the passbook being present.

Mr L wasn't satisfied with this answer and requested an ombudsman review his 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.

Another ombudsman has reviewed the time limits that apply to complaints and has decided that Mr L has brought his complaint to our service within the time permitted.

Mr L remembers taking out most of the money from his account, and leaving the account open, he thought with £1 in it. He didn't realise the interest was added after that, because it wasn't added to his passbook, and he didn't get a statement until he went into a Nationwide branch just before Christmas 2019, and Nationwide told him the account was closed. He said he didn't think any changes could be made without a record on his passbook and doesn't think the cheque for the account balance was ever sent to him, and he doesn't think he requested it either.

Nationwide has explained that, because the transaction took place in 2012, it has only limited information available. But Nationwide has provided an archive statement of Mr L's account from 2012 which shows the account was closed on 17 April 2012 with a transfer out of £659.48. The statement shows the account was opened on 7 June 1999.

Mr L's account passbook shows that there was a balance of £1 left in the account from 2008. However, Nationwide has explained that the passbook isn't required to close the account and that payments don't have to be reflected there. Nationwide's account statement shows the account was closed when the entire balance was transferred out.

I can understand Mr L's scepticism about this as he doesn't think there was any account activity after 2008 and he thinks Nationwide has given differing explanations about the proceeds of the account. Nationwide has explained that with a transfer out instruction (as shown on its archived statement), the funds would have more than likely been paid by cheque to another ISA provider, and placed into an alternative account.

Neither Nationwide's nor Mr L's records confirm this, but there is proof a cheque for the account balance was raised. And Nationwide has provided details of another transfer out processed on another ISA account for Mr L in November 2012. Nationwide subsequently showed evidence that the amount of £659.48 was debited from the account by cheque on 17 April 2012 – and has provided the cheque number. Nationwide has also confirmed that the cheque isn't outstanding, which indicates that it has been cashed.

Mr L said the cheque wasn't issued to him. Unfortunately, as the cheque was issued over 10 years ago it isn't possible to know who it went to. But I haven't seen anything to suggest it was sent to someone not associated with the account.

Nationwide has said that another 'transfer out' was processed on an account for an ISA held by Mr L at the time. He says he remembers that happening, and he had quite a few different ISAs/investment accounts, which he moved amounts from to take up new deals. But he said the investment had matured before the ISA account that he is complaining about, and he hadn't sent the funds to the same provider.

Mr L said on a call with Nationwide it pressed him to admit that he had made a transfer, which he hadn't. He said that this was the transfer that Nationwide mentioned in its response to his complaint. I've listened to a recording of the call, and Nationwide state that limited records are available after the time that has passed. Nationwide told Mr L he had a lack of evidence in support of his complaint, but I haven't heard it pressing him to say he had made the transfer from the account.

When the parties disagree about what has taken place, we have to decide the most likely outcome on the balance of probabilities. In this case, having considered the evidence, I'm persuaded that the account was closed on 17 April 2012 and that a cheque was issued for the balance. This is because Nationwide has provided an explanation regarding the withdrawal amount, the date, the cheque number and confirmation that the cheque isn't outstanding. There's also a practical explanation provided in relation to the updating of a passbook when a customer has requested their account to be closed without the passbook being present.

I think, on balance, that Nationwide has followed the correct process in closing Mr L's account and dealing with the balance. As I haven't found anything to show that Nationwide has made a mistake in the handling of Mr L's ISA, I cannot require it to take any action.

My final decision

For the reasons I have given, it is my final decision that the complaint is not upheld.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 2 November 2023.

Andrew Fraser
Ombudsman