

The complaint

Mr F complains Nationwide Building Society (“Nationwide”) restricted and closed his account without explanation. Mr F adds this has caused him substantive distress and inconvenience.

What happened

Following an internal review, Nationwide blocked Mr F’s account in August 2022. Nationwide then asked Mr F to provide information relating to activity on his account. Shortly afterwards, Mr F sent his response and information to Nationwide.

Mr F didn’t hear from Nationwide, and says he called it regularly for an update. Unhappy with its actions, Mr F complained. Nationwide didn’t uphold Mr F’s complaint. In summary, it said:

- It’s carrying out a review of Mr F’s account and it can’t close Mr F’s account, as he requests, until this has been completed
- Nationwide can’t give Mr F any timeframe of when the review will be completed but it will contact him if further information is required or when the review is completed

Mr F referred his complaint to this service.

In February 2023, Nationwide notified Mr F it had decided to close his account with immediate effect. Mr F was also advised that he could withdraw his funds of a little under £2,800 from a branch subject to providing valid proof of identity and residence. Mr F then withdrew his funds.

One of our Investigator’s looked into Mr F’s complaint. They recommended the complaint be upheld in part. In summary, some of their key findings were:

- Nationwide acted in line with its obligations and terms of account when blocking and later closing Mr F’s account in the way it did
- But Nationwide failed to carry out its review in a timely fashion. It should have completed its review by 1 September 2022 instead of closing the account and returning the funds on 8 February 2023. Because of this it should pay Mr F 8% simple interest on his balance for this period
- This wasn’t Mr F’s main account. But he has told us Nationwide’s actions caused him anxiety and trouble sleeping for which he had to see a doctor. So Nationwide should pay him £150 compensation for this

Nationwide agreed with what our Investigator said. Mr F didn’t agree with the amount of compensation. As Mr F didn’t agree, this complaint has now been passed to me to decide.

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, I've decided to uphold this complaint in part. I'll explain why.

As a UK financial business, Nationwide is strictly regulated and must take certain actions in order to meet its legal and regulatory obligations. Nationwide is also required to carry out ongoing monitoring of an existing business relationship. That sometimes means Nationwide needs to restrict, or in some cases go as far as closing, customers' accounts.

Nationwide has given me information to show why it reviewed and restricted Mr F's account. Having carefully reviewed this, I'm satisfied Nationwide acted in line with its obligations when reviewing and restricting Mr F's account. It also acted in line with its obligations by asking for the information it did from Mr F.

Nationwide is entitled to close an account just as a customer may close an account with it. But before Nationwide closes an account, it must do so in a way, which complies with the terms and conditions of the account.

The terms and conditions of the account, which Nationwide and Mr F had to comply with, say that it could close the account by giving him at least two months' notice. And in certain circumstances it can close an account immediately or with less notice.

Nationwide closed Mr F's account with immediate effect in February 2023. Having carefully considered Nationwide's reasons and supporting information for doing so, I'm satisfied that it has done so in line with the terms of the account. Mr F would like a better explanation as to why Nationwide restricted and closed his account in the way it has, but it isn't under any obligation to do so.

Having said that, Nationwide is expected to carry out any such review in a timely manner. And I don't think it has. It had the information from Mr F in August 2022 and had it have acted upon this reasonably based on what I've seen, its likely Nationwide would've completed its review around September 2022. So it follows that Mr F would most likely have been able to withdraw his funds then.

Because of this Mr F has been deprived of his funds for longer than he reasonably ought to have. So I'm persuaded that awarding 8% simple interest from 1 September up until the funds were released is fair compensation.

Mr F has said this matter has caused him inconvenience given he's had to chase Nationwide on several occasions for an update. He also says it caused him substantive distress and loss of sleep. When weighing up what I think fair compensation is, I need to be mindful that Nationwide didn't do anything wrong in blocking, withholding funds, and closing Mr F's account. I also note this wasn't Mr F's main account into which his salary was paid.

But, as I've said, Nationwide should've alleviated avoidable distress and inconvenience to Mr F by acting in a timelier way. Because of this any award I make, will be in isolation against this point. So, having given this some thought, I'm satisfied £150 is fair compensation for the distress and inconvenience Mr F suffered due to Nationwide's avoidable delay.

Putting things right

To put things right, Nationwide must:

- Pay Mr F 8% simple interest on his balance from 1 September 2022 up until the day

his funds were released to him*

- Pay Mr F £150 compensation for the distress and inconvenience he's suffered

*If Nationwide considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr F how much it's taken off. It should also give Mr F a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

My final decision

For the reasons above, I uphold this complaint in part. Nationwide Building Society must now put things right as above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 2 February 2024.

Ketan Nagla
Ombudsman