

The complaint

Ms S complains that Nationwide Building Society unfairly restricted her account, and about the service provided when trying to resolve the issue. She'd like answers as to what happens and compensation.

What happened

Ms S held an account with Nationwide. In early May 2022 she received a payment of £300 from her son. However Nationwide later received a report that she may not have been entitled to the funds she received. The society blocked her account and asked her about the money she received. They removed the disputed £300 but allowed her to withdraw the remaining funds in branch.

Nationwide's fraud team investigated and asked Ms S to provide details of her son's accounts, showing where the payment came from. But she was unhappy with the service she received from the society, saying she felt she'd be patronised. She sent them copies of her son's statements, and the society accepted she had received the funds in good faith.

The block was removed at the end of May 2022. The disputed £300 was returned to source.

Ms S complained to Nationwide about the block, and the service she received while trying to resolve the block. The society responded to say they had given her incorrect information about setting up a new direct debit instruction. But they felt the questions they asked had been appropriate. They credited her account with £15 for the misinformation. But overall they didn't think they'd handled the situation incorrectly.

Unhappy with this Ms S referred her complaint to our service. One of our investigators looked into what happened but didn't think Nationwide needed to do anything further. Ms S disagreed, so the complaint has 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.

Nationwide, like all regulated businesses within the UK, have legal and regulatory obligations placed on them. These obligations mean that they need to be able to understand how an account is being used, which may involve asking their consumers for further information about the account activity, or transactions. And it may be necessary for accounts to be restricted – there are provisions for this within the terms of Ms S' Nationwide account.

In this case Nationwide received a credible report that the money paid into Ms S' account may be the result of fraud – although there's never been any suggestion Ms S was involved in this. So, in these circumstances it is reasonable for Nationwide to block the account while they conduct a review. This is in line with their obligations, and standard banking practice. It's right that any financial business treat reports of fraud as serious and take the appropriate steps to respond.

I appreciate this will have been inconvenient for Ms S, and it will have been frustrating to suddenly find out she can't use her account. But I can't see that Nationwide have made a mistake by blocking the account. I can see from the statements though that she was able to withdraw funds from branch, which will have alleviated some of the inconvenience.

Having reviewed the available calls and correspondence between Nationwide and Ms S, I'm satisfied the society were upfront about the reason for the block and provided a reasonable explanation of what information they would need to remove it.

I don't think the request for her son's statements was unreasonable, as ultimately this is the source of the funds paid to her that were in dispute. This is in-line with the information we'd expect to ask for.

From what I've heard the calls were conducted professionally and empathetically. From the call with the fraud department, Ms S would be aware of what information Wide were looking for, why they were requesting it, and how long it was likely to take to be reviewed afterwards. I can't agree that Nationwide were patronising to Ms S.

Once Ms S provided the statements, Nationwide reviewed them and accepted she was acting in good faith when she received the funds. They then took the decision to unblock her account. This took 13 days, which I consider to be a reasonable timeframe. I haven't seen anything to suggest there were any unnecessary delays.

Nationwide returned the £300 to the sending bank. In the terms of Ms S' account there is provision for returning funds if they are recalled. And listening to the calls I can hear Ms S say she isn't concerned about that £300. So, in the circumstances I'm satisfied this was fair.

I've no doubt this was all very concerning to Ms S. Listening to the calls I can hear her genuine distress. But I'm satisfied that the decision by Nationwide to block and review her accounts was reasonable. I can see she's requested answers about what happened. But Nationwide have been upfront about why her account was under review, and what information they'd received from the sending bank. I don't see what further information they could have given that would have lessened the impact on her.

Nationwide have paid £15 for incorrect information given about a new direct debit instruction. From looking at the statements I can't see that any of Ms S' regular payments out of the account were missed during the period the account was blocked. And in any case, I've found the block to be fair.

From what I've seen Nationwide handled the situation appropriately, and I'm not asking them to do anything further.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms S to accept or reject my decision before 3 November 2023.

Thom Bennett
Ombudsman