

The complaint

Mr W complains that Nationwide Building Society acted unfairly when it asked him to provide information. Mr W is also unhappy that Nationwide blocked his accounts and sent him information relating to another customer.

What happened

Mr W has accounts with Nationwide. In March 2022, Nationwide reviewed Mr W's accounts as part of its Know your Customer (KYC) process. As part of its process Nationwide sent Mr W an email asking him to complete a questionnaire. The form asked Mr W to provide information about his employment, how he used his accounts, specific transactions between 2021 and 2022, and his source of wealth. The email asked Mr W to provide the information within seven days and warned Mr W that if he didn't do so, Nationwide wouldn't be able to provide Mr W with banking services and his accounts would be blocked.

Unfortunately, attached to the email was a questionnaire form relating to another Nationwide customer. Mr W complained to Nationwide about receiving someone else's information. As a result, he said he felt nervous about sending any of the information Nationwide had requested about him back via email. He also said that the seven day timeframe was too short. And he asked Nationwide if there was any other way, he could submit the information it needed. He also asked Nationwide to confirm that his data hadn't been breached. Whilst waiting for Nationwide to respond, fearing he wouldn't be able to access the money in his accounts, Mr W removed money from his right to buy ISA. As a result, Mr W says he has lost out on interest and the government bonus associate with the right to buy scheme.

Nationwide apologised for sending Mr W information relating to another customer. It paid him £75 compensation for the trouble and upset this caused him. Nationwide assured Mr W that his data was secure, and no breaches had occurred relating to his information. It also said it would be happy to receive the information it had requested from Mr W over the phone. And that it would extend the time frame for Mr W to provide the information until after it had looked at his concerns. Nationwide sent Mr W another request in May 2022 asking him for the information. But Mr W didn't provide anything. So Nationwide blocked Mr W's accounts.

Unhappy with Nationwide's response, Mr W brought his complaint to our service where one of our investigators considered it. Mr W said he'd lost out financially and that Nationwide should compensate him. He also maintained that the seven day timeframe was unreasonable. The investigator asked Nationwide some more questions about what had happened and why it had blocked Mr W's accounts. After reviewing everything he said that Nationwide had done enough to put things right. And couldn't be held liable for Mr W moving money out of his accounts.

Mr W disagreed with the investigator's view and asked for an ombudsman to review his complaint. So, the matter has come 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 has extensive legal and regulatory responsibilities they must meet when providing account services to customers. They can broadly be summarised as a responsibility to protect persons from financial harm, and to prevent and detect financial crime. As has been explained by Nationwide and the investigator, the reason why Nationwide asked Mr W to provide information about his finances and how he was using his accounts was because Nationwide are obliged to adhere to the regulator – the Financial Conduct Authority (FCA), Know Your Customer (KYC) responsibilities. Nationwide is entitled and obliged to carry out such checks. This applies to both new and existing customers regardless of how many years a customer may have banked with Nationwide. The terms of Mr W's accounts also permit Nationwide to review an account and ask a customer for information.

I appreciate that Mr W may have felt some anxiety about providing Nationwide with detailed information about him and his finances. Especially as Nationwide had accidentally sent him information relating to another customer. But as Nationwide requested this information from Mr W to ensure it complies with the regulator's KYC responsibilities, I can't reasonably say that Nationwide was acting unfairly or unreasonably in asking Mr W for the information that it did.

Furthermore, when Mr W complained saying he felt that his information wasn't secure and the seven day timeframe was too short, Nationwide confirmed that his information was safe, and hadn't been breached, and it gave Mr W the option of providing the information it needed over the phone. I can also see that Nationwide extended the time Mr W had to provide the information until it had reviewed his complaint. And that it sent Mr W a further request to provide the information in May 2022. So, overall, I'm satisfied that Nationwide gave Mr W around three months to provide the information, which I think is a reasonable amount of time.

Mr W didn't comply with the request so Nationwide blocked Mr W's accounts in May 2022. As Nationwide are obliged by the FCA to carry out ongoing KYC checks to protect accounts from identify theft, fraud, and financial crime. So, if they don't receive the necessary information that they request to allay those risks, I do not consider blocking Mr W's accounts is a disproportionate measure for Nationwide to take. So, I don't consider Nationwide treated Mr W unfairly in doing so.

Mr W is also unhappy that Nationwide sent him information relating to another customer. I can understand that this would have led Mr W to worry about how Nationwide were handling his data. Whilst it was unfortunate, I can see that Nationwide took steps to reassure Mr W it hadn't done anything wrong in relation to his information. And offered him an alternative way to provide the information it needed if he was uncomfortable sending anything via email. Nationwide has apologised for this mistake and paid Mr W £75 compensation. I think this is a reasonable way to resolve this aspect of Mr W's complaint, so I won't be asking Nationwide to do anything more.

Mr W is seeking compensation to cover financial losses he says he has incurred as a result of Nationwide actions. He said he reacted to the possibility of his accounts being blocked by moving money out of his right to buy ISA. So, he says he will miss out on a government bonus relating to the right to buy scheme and interest on his accounts. But it wouldn't be appropriate for me to award compensation for this since I don't find Nationwide acted inappropriately in asking Mr W for information.

In summary, I'm satisfied that Nationwide fairly applied its KYC process when it asked Mr W for information. I think Nationwide's communication was reasonable and it has compensated Mr W fairly for its mistake in sending another customer's information to him. So, I won't be asking Nationwide to do anything more.

My final decision

My final decision is that I do not uphold this complaint. That's because I'm satisfied that Nationwide Building Society has done enough to put things right.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 13 November 2023.

Sharon Kerrison
Ombudsman