

The complaint

Mr M complains that Nationwide Building Society blocked a genuine transaction, and they wouldn't allow the payment to leave his account.

What happened

Mr M says that he tried to pay his part for a group holiday arranged by a family friend overseas. He says he was trying to transfer money into his third party account, and to the travel agency, but Nationwide blocked the transfer as they suspected it was fraudulent. He says he had numerous lengthy calls with them where he assured Nationwide it wasn't a fraudulent transaction, but this didn't satisfy Nationwide and they asked to see several documents which Mr M didn't have, and he was unable to produce. Mr M has since cancelled the transfer. Mr M made a complaint to Nationwide.

Nationwide did not uphold Mr M's complaint. They said their fraud team have asked for evidence to show this is a payment for a holiday, which is a reasonable request. They said they cannot rule out this company is being cloned, nor can they easily determine if it is a genuine company (regulated correctly in its country of origin). Nationwide said they've also recently seen his third party account provider being used as part of different types of scams similar to his transaction. Mr M brought his complaint to our service.

Our investigator did not uphold Mr M's complaint. He said the account terms and conditions explain Nationwide can refuse to make a payment Mr M has instructed if they reasonably suspect the payment is a scam payment. Our investigator said Nationwide asked for information regarding the holiday, such as invoices, copies of insurance documentation and messages between friends arranging the holiday. He said it's reasonable for Nationwide to request this evidence to satisfy themselves the transaction is safe, and it's also reasonable to expect Mr M would be able to provide this evidence if planning a holiday. He said they have blocked Mr M's online banking access, but he is still able to use his card for everyday spending. Mr M asked for an ombudsman to 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.

I'd like to explain to Mr M that it is not within this service's remit to tell a business how to run their security procedures in order for a business to be satisfied they are meeting their regulatory requirements, such as blocking transactions or how they remove blocks. It is also not within this service's remit to tell a business what information they should ask for from a customer to ensure that they are not falling victim to a scam. It would be the role of the regulator – the Financial Conduct Authority, who have the power to instruct Nationwide to make changes to their policies and procedures, if necessary.

Banks and building societies have an obligation to try and keep their customers' accounts safe and prevent them from being victims of fraud and scams. Sometimes they identify and block legitimate payments due to security concerns. This can cause distress and

inconvenience to a customer – but it doesn't necessarily mean they have acted incorrectly. Although Mr M has said that Nationwide have blocked a transfer to his own third party account elsewhere, I would expect Nationwide to have controls in place which would check every single payment, regardless of who it is being sent to as they need to ensure their members aren't being coerced to transfer money as part of a scam.

So I don't find it unreasonable for Nationwide to have security controls in place to manage their obligations and to fulfil their duties to their customers to ensure each payment made is genuinely made by their customers themselves and they are not being coerced or scammed into making payments. And I'm satisfied they have acted in line with their terms and conditions here in trying to protect Mr M's account. I know he feels the block shouldn't be placed on his account as no money was lost to fraud, however, it would be expected that Nationwide would take action prior to any money being lost from suspected fraud/scams as opposed to doing nothing and trying to get the money back for Mr M if he fell victim to a scam, which they mightn't be able to do for him once the money had left his account.

I've considered what Mr M has said not being able to provide all of the evidence that Nationwide wanted him to provide, and he wasn't able to get access to his internet banking. I asked Nationwide about this. They told me that they did actually have a chat with Mr M about this in early July, and they have provided me the system note. My understanding is that after the chat Nationwide had with Mr M, they removed the blocks, so Mr M should be aware of this now, and he should be able to access his online banking. If he still isn't able to do this despite this conversation he had with Nationwide in July, then he may wish to speak to Nationwide about this.

As Nationwide had concerns prior to this July call that Mr M was still being a victim of a scam, I'm unable to say they should have not placed the block on his account in those circumstances. So while I'm pleased that it appears Mr M has access to his online banking and no blocks are on his account now, it follows I don't require Nationwide to do anything further.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 1 January 2024.

Gregory Sloanes
Ombudsman