

## **The complaint**

Mr and Mrs T complain Nationwide Building Society ("Nationwide") blocked their account after they refused to give it any more details about a payment they wanted to make. Mr and Mrs T are also unhappy Nationwide demanded to know exactly what they were intending to with their funds.

## **What happened**

On 6 June 2023, Mr and Mrs T say they informed Nationwide they were sending a large sum into their account from another of their external accounts to pay a bill - and that Mr T would pick it up. On 7 June 2023, around £14,300 was transferred into Mr and Mrs T's Nationwide account.

Mr T went to a Nationwide branch the following day, and he was asked what the payment was for. Mr T said it was for a bill but refused to give any further information. Mr T was then asked the same question by the branch manager, and then an employee from Nationwide's fraud team over the phone. On both occasions Mr T refused to give any further information other than reiterating that it was for a bill.

Nationwide froze Mr and Mrs T's account. Unhappy with Nationwide's actions, Mr and Mrs T asked it to close the account and switch it to another provider. On 7 June 2022, Mr T was later sent an email from one of Nationwide's fraud teams. It referenced a call earlier and said he would have to provide evidence of the use of the high value transaction attempted in one of its branches, and the reason for the withdrawal.

Nationwide also explained that to protect Mr and Mrs T's money, it has placed a temporary block onto the account. And while the block is in place, Mr and Mrs T may not be able to use their card, online banking, or mobile banking. Mr T replied that the transaction related to a bill.

Unhappy with Nationwide's actions, Mr and Mrs T complained. Nationwide didn't uphold Mr and Mrs T's complaint. In short, it said:

- It has a duty of care and legal obligation to ask reason for a transaction to ensure Mr and Mrs T's funds are secure and legitimate
- Its meeting its legal and regulatory obligations in blocking the account, and can't give a timescale as to when they'll be lifted
- It has acted in line with its terms and conditions of account in applying the blocks

Mr and Mrs T referred their complaint to this service. On 7 July 2023, they were able to withdraw all their funds from the Nationwide account.

One of our Investigator then looked into Mr and Mrs T's complaint, and they concluded Nationwide had not done anything wrong. In summary, their key findings were:

- Nationwide asked Mr and Mrs T for more of a detailed explanation for what they

intended to use the funds for, as well as documentation to support the withdrawal. Because of the large amount Mr and Mrs T were asking to withdraw, they thought this was appropriate in the circumstances

- It's likely that had Mr and Mrs T engaged with Nationwide by providing what it had asked for, there's the likelihood they would've satisfied its enquiries and the funds released
- Nationwide's terms of account allow it to stop all specific withdrawals on the account. Nationwide had to be satisfied Mr and Mrs T weren't the victims of a scam, or that the funds were being used for fraudulent purposes

Mr and Mrs T didn't agree with what our Investigator said.

They say that not only was the £14,300 frozen but also the money they needed to live on. And if they didn't have money elsewhere, they would have been left destitute. Nor has enough weight been put on the fact that Mr T called Nationwide the day before to advise them he was transferring the £14,300 into their account from another one of their external accounts.

As Mr and Mrs T don't agree, their 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 not to uphold this complaint. I know this will disappoint Mr and Mrs T, so I'll explain why.

Financial businesses in the UK, like Nationwide, are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. They are also required to carry out ongoing monitoring of an existing business relationship. That sometimes means they need to restrict, or in some cases go as far as closing, customers' accounts.

These obligations generally cover the entire period of its customer relationship – from application to eventually the end of the relationship. This includes Know Your Customer (KYC) checks and/or Customer Due Diligence (CDD). It's worth noting these checks include not just the verification of a customer's identity, but also establishing the purpose and intended nature of the business relationship and origin of funds.

It's also worth noting, that regulated financial businesses are also under a duty to ensure they take reasonable steps to protect its customers from financial harm. Examples of such harm include being scammed.

Mr and Mrs T sent a large sum into their account, and I note from their statements that this is somewhat out of character with their normal financial activity. I also note Mr and Mrs T say that they advised Nationwide a day prior to the transfer that they were doing this, but that isn't the same as informing them of its purpose and origin. I'd also add that withdrawing the funds as soon as they were transferred is also an activity that reasonably may have led to Nationwide carrying out these checks to ensure the funds were legitimate and Mr and Mrs T weren't being defrauded and/or scammed.

Mr and Mrs T refused to give any answer beyond saying it was for a bill. Having carefully considered what's happened here, I'm persuaded Nationwide has acted in line with its

obligations, terms of account and fairly when asking Mr and Mrs T for this information. And later blocking the account.

I say that because Nationwide has legal and regulatory obligations, as referenced above, to meet and by Mr and Mrs T refusing to give it this information it couldn't do so. Mr and Mrs T were given fair opportunity to give this information. I can appreciate why Mr and Mrs T find Nationwide's enquiry intrusive. But by not meeting its regulatory and legal obligations, Nationwide could face serious consequences.

I'd also say in passing, that some of these obligations ensure customers, like Mr and Mrs T, are safeguarded from suffering financial harm.

Mr and Mrs T say that Nationwide blocking their account could've left them destitute had they not had access to other funds. I think this is a fair point, as ordinarily I'd expect them to be given access to any salary, benefits or pensions that come into the account. I note Mr and Mrs T were paid payments by the DWP.

But as Mr and Mrs T say they did have access to other funds, I don't see any basis for making any form of award here given there isn't any detriment. I also note that Nationwide allowed Mr and Mrs T to close and withdraw funds from the account around a month later in July 2023.

As I don't think Nationwide did anything wrong or caused Mr and Mrs T detriment in relation to blocking all their funds, I see no basis to make a compensation award for any distress or inconvenience its actions may have caused.

### **My final decision**

For the reasons above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T and Mrs T to accept or reject my decision before 10 January 2024.

Ketan Nagla  
**Ombudsman**