

The complaint

Mr M complains Nationwide Building Society (“Nationwide”) restricted his accounts and withheld his money for an excessive and unreasonable period without explanation.

Mr M says this has caused him substantive distress and inconvenience, and financial loss.

What happened

In May 2022, Nationwide reviewed and restricted Mr M’s access to his accounts. Nationwide asked Mr M to provide evidence of his entitlement to funds deposited into his account.

Mr M had received large sums into his account which he says were for investment into a start-up limited company he was a part of. And as the investor couldn’t send funds from their crypto currency account directly to the company account, the funds were being sent via Mr M’s personal accounts at Nationwide.

Mr M sent information to Nationwide, which included paperwork related to receiving funds from a property sale in 2019. Mr M was able to forward on funds to his limited company, but the other funds in his account remained withheld.

Unhappy with this, Mr M complained. In September 2022, Nationwide told Mr M it was closing his accounts. Once closed the funds remained withheld by Nationwide.

Nationwide didn’t uphold Mr M’s complaint. It said that it couldn’t give Mr M a timescale for when the review will be completed, and he will need to speak to its fraud team about when any funds will be released. Nationwide said its actions were in line with legal obligations it must follow. Mr M referred his complaint to this service.

One of our Investigator’s then started looking into Mr M’s complaint. In April 2023, Nationwide released the funds it was holding to Mr M by cheque. Mr M said he still wanted to pursue his complaint against Nationwide – especially as he felt it had taken an unreasonable time to release his funds.

After looking into things, our Investigator sent both parties their opinion on the complaint. In summary they said:

- Nationwide’s actions were in line with the terms and conditions of the account, and in line with its legal and regulatory obligations. Though they appreciate Mr M waited a long time for access to his funds
- Nationwide didn’t cause any unnecessary delays as it was entitled to block and review the accounts
- Nationwide closed the accounts in line with the terms of the account and doesn’t need to provide an explanation why

Mr M did not agree with what our Investigator said. He says Nationwide has breached its legal obligations for how long it can hold onto his funds. He also remains dissatisfied that

there is no compensation award for being deprived of his funds and the financial losses he's suffered.

As Mr M 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 not to uphold this complaint. I know this will disappoint Mr M, so I'll explain why.

I'm very aware that I've summarised the events in this complaint in far less detail than the parties and I've done so using my own words. No discourtesy is intended by me in taking this approach. Instead, I've focussed on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

If there's something I've not mentioned, it isn't because I've ignored it. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome. I do stress however that I've considered everything that Mr M and Nationwide have said before reaching my decision. It's important to note, my decision focuses on Nationwide's actions regarding the current and savings accounts Mr M held with it.

I would add too that our rules allow us to receive evidence in confidence. We may treat evidence from banks as confidential for a number of reasons – for example, if it contains security information, or commercially sensitive information. Some of the information Nationwide has provided is information we consider should be kept confidential.

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.

Nationwide have provided me with information as to why it decided to review and restrict Mr M's accounts. Having carefully considered this, I'm satisfied it has acted in line with its obligations and done so fairly and reasonably.

I note Mr M says he understands Nationwide has such obligations to meet. The crux of Mr M's complaint is that Nationwide took too long in releasing his funds causing him financial loss, and substantive distress and inconvenience. So he thinks Nationwide should have done things more quickly. And he's pointed out that he provided the information Nationwide wanted quickly.

I do accept it took around 11 months for Nationwide to release the funds held in the accounts. Ordinarily, I'd expect Nationwide to have acted quicker. But I don't consider it would be right for me to conclude it shouldn't have taken in excess of any particular or specific timeframe. Because Nationwide was entitled – as a matter of principle – to do what it did in order to comply with its legal and regulatory obligations. Given its concerns, and the information I've seen, I'm persuaded it acted properly in the circumstances of this complaint.

Mr M says that one of his business partners had a similar issue with their bank, but they received the funds much sooner. I can't comment on somebody else's circumstances or issue, but as I've said, and from what I've seen, I'm persuaded Nationwide acted in line with

its obligations.

I know Mr M would like an explanation for the blocks and why Nationwide withheld his money for as long as it did. But I'm aware of no obligation under which Nationwide needs to do this.

Nationwide is entitled to close an account just as a customer may close an account with it. But before it closes an account, Nationwide must do so in a way, which complies with the terms and conditions of the account. Having looked at the information given to me by Nationwide, which includes its account terms and conditions, I'm satisfied it was entitled to close the accounts in the way that it has done.

Mr M says this matter has caused him financial loss. He also says it has caused him and his family significant trouble and upset. I do appreciate this matter would've caused him difficulty, and I don't underestimate the strength of his sentiment nor the impact Nationwide's actions had.

But having looked at what's happened in this particular case, I can see no basis on which I might make an award against Nationwide given I don't think it failed to properly follow its own procedures when it restricted, withheld funds and closed Mr M's accounts. So I'm not going to ask Nationwide to compensate Mr M for any financial loss or trouble and upset this 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 M to accept or reject my decision before 20 October 2023.

Ketan Nagla
Ombudsman