

The complaint

Mr H complains that Nationwide Building Society blocked and closed his account.

What happened

Mr H had a personal account with Nationwide. He used the account to pay bills via direct debits and receive income.

In December 2021, a payment of just under £10,000 was made into Mr H's account. Following this, Nationwide reviewed Mr H's account and asked Mr H to provide information about the credit that had been paid into his account. Mr H told Nationwide that the money had come from his partners account with another bank and that he intended to use the money to buy cryptocurrency. He provided screen shots to Nationwide of his partners bank account to support his explanation.

Whilst it completed its review Nationwide blocked the account – which meant Mr H couldn't access the funds in it. Nationwide released Mr H's account balance on 28 January 2022 and unblocked the account on 10 February 2022. After it had completed its review, Nationwide decided to close Mr H's account. Nationwide wrote to Mr H and gave him 60 days' notice to make alternative banking arrangements.

Mr H complained to Nationwide about the block and closure of his account. He said because of the block he was left without access to money over the Christmas period which made things very difficult at home for him and his family including not being able to buy presents for his child. He's also explained that a number of direct debits weren't paid despite Nationwide telling him that the block wouldn't affect the payments. And says Nationwide gave him conflicting information about how long its review would take to complete. Mr H also says Nationwide didn't call him back when it had promised to do so. Overall, he said he was treated like a criminal and his mental health has been impacted so much so that his doctor prescribed him medication. He wants Nationwide to explain why it blocked and closed his account. He also wants Nationwide to pay him compensation for the trouble and upset he's been caused as a result of Nationwide's actions.

In response, Nationwide said it hadn't done anything wrong when it has blocked Mr H's account and asked him for information about the money which had credited the account. it said it had acted in line with the terms of the account and relevant regulations when it did so. Nationwide said it wasn't obliged to provide Mr H with an explanation for why it had blocked his account. However, it accepted that it had provided Mr H with poor service. Nationwide said it had given Mr H wrong information about how long its review would take to complete and when it told him that his direct debits wouldn't be affected by the block. It apologised and offered Mr H £100 compensation. It also offered to refund Mr H any late payment charges relating to missed direct debits and to write a letter for Mr H to show to the businesses related to the missed direct debits, setting out that the payments weren't made due to an error made by Nationwide.

Mr H wasn't happy with Nationwide's response. He wants Nationwide to provide a proper explanation for why it blocked and closed his account. He's also said that the amount of compensation doesn't adequately reflect the amount of trouble and upset he suffered. So, he brought his complaint to our service.

One of our investigators reviewed the complaint. She thought Nationwide hadn't done anything wrong when it blocked Mr H's account. She said they'd acted in line with their legal and regulatory obligations. And said it had treated Mr H fairly when it decided to close his account. She also said that Nationwide had done enough to put things right and didn't recommend further compensation.

Mr H disagreed. He wants Nationwide to provide a proper explanation for why it closed his account. He said Nationwide took too long to complete its review and return his funds to him. And he wants more compensation for the trouble and upset he's been caused.

As no agreement could be reached 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.

I'm 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 H and Nationwide have said before reaching my decision.

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 that we considered should be kept confidential.

Firstly, as the investigator has already explained, Nationwide has extensive legal and regulatory responsibilities they must meet when providing account services to customers. And to fulfil these obligations they may need to review activity taking place on accounts and ask customers for information, for example about payments, and information about the individuals operating the accounts – it's entitled and obliged to carry out such checks. The terms of Mr H's account also permit Nationwide to review an account and ask its customers for information.

Having looked at all the evidence, I don't believe it was unreasonable in the circumstances for Nationwide to block Mr H's account and ask him for information about a payment coming into his account. I say this because this was a newly opened account and having looked at the usual activity on the account the payment was out of character. So, I can understand why Nationwide had concerns. Nationwide has explained that this was its standard procedure, and I accept that it was. I'm satisfied that in blocking Mr H's account and asking him for information Nationwide were complying with its legal and regulatory obligations. So, whilst I accept, Nationwide's actions caused Mr H trouble and upset I can't say Nationwide has treated him unfairly in taking these actions.

I understand that Mr H wants Nationwide to explain the reason it applied the block to his account in the first place. But Nationwide doesn't disclose to its customers what triggers a review of their accounts. And it's under no obligation to tell Mr H the reasons behind the account review and block, as much as he'd like to know. So, I can't say it's done anything wrong by not giving him this information.

Mr H says Nationwide took too long to complete its review of the account. He says Nationwide should have done things more quickly. And he's pointed out that he provided the information Nationwide wanted pretty quickly. I do accept that it took around six weeks for Nationwide to release the funds held in the account and remove the account block. But I don't consider that 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.

I've looked at the timeline and can see that Nationwide didn't cause any unnecessary delays and were trying to complete its enquiries as quickly as possible. I appreciate that Nationwide's actions caused Mr H real inconvenience. It wouldn't, however, be appropriate to make an award for compensation for that, since I don't believe that Nationwide acted inappropriately in taking the actions that it did.

I then turn to the bank's decision to close the account. It's generally for banks to decide whether or not they want to provide, or to continue to provide, banking facilities to any particular customer. Unless there's a very good reason to do so, this service won't usually say that a bank must keep customer or require it to compensate a customer who has had their account closed. As long as they reach their decisions about that in a legitimate manner, this service won't usually intervene. I'm satisfied here that the Nationwide's decision to stop providing Mr H with banking facilities was reached legitimately and fairly.

Banks and financial businesses should, however, give reasonable notice before closing an account. Usually, that means 60 days' notice, but it can be less – depending on the circumstances. In this case Nationwide gave Mr H 60 days' notice of its intention to close his account. The bank wrote to Mr H on 28 January 2022, letting him know the account would close. So, it was entitled to close the account as it has already done.

Finally, I've looked at the service Mr H was provided. Nationwide has paid Mr H £100 compensation for the trouble and upset caused by it telling him incorrectly that his direct debits would be unaffected by the block not calling him back when it said it would and taking longer than it said it would to complete its enquiries. Nationwide also offered to refund any late payment charges he incurred as a result of his direct debits not being paid and wrote him a letter which he could use to show businesses if necessary. Mr H has said this isn't enough to reflect the trouble and upset he's suffered. He said he wasn't able to make his investment and wants more compensation.

I've considered what Mr H has said about how Nationwide's actions impacted him. And I've looked at the information he's provided regarding his visit to his GP. I've no doubt this was a worrying and upsetting time for Mr H but for me to award more compensation I'd have to be satisfied that the delays and poor service caused an unreasonable level of inconvenience and financial loss.

Having looked at the evidence Mr H has provided I'm not satisfied that this shows Mr H lost out financially. I haven't seen any evidence that Mr H had made any arrangements to invest the money that was paid into his account. So, it wouldn't be fair of me to tell Nationwide to pay financial loss or compensation for something there's no evidence of.

Mr H has explained that he had to chase Nationwide and his mental health was impacted due to how long he had to wait for Nationwide to release his funds. Mr H has explained that he couldn't buy presents for his child and things for him, and his family were very tough over Christmas. So, I can appreciate this would've been inconvenient and upsetting for Mr H. And it's only right that Nationwide recognises this. Mr H has said that the compensation offered by Nationwide doesn't go far enough. He is seeking a higher amount of compensation and has explained that he suffered anxiety and stress as a result of what happened. I don't doubt that he did.

Mr H has drawn my attention to another complaint that was brought to our service where a higher amount of compensation was awarded than he is being offered. I understand the point Mr H seeks to make in doing so. But each complaint is considered on its own individual circumstances. The Financial Ombudsman Service publishes on its website information about the awards we made for distress and inconvenience, or non-financial loss. Having looked at all of the circumstances of this complaint I'm satisfied that £100 compensation is fair and reasonable in this case and is in line with awards made in similar circumstances. So, I won't be asking Nationwide to do anything more.

In summary, it's clearly caused Mr H inconvenience and stress when he wasn't able to use his account. And I appreciate it must have been a worrying and frustrating time for him. So, I realise he will be disappointed by my decision. But having looked at all the evidence and circumstances of this complaint, I'm satisfied that Nationwide have done enough to put things right and I won't be asking them to do anything more to resolve Mr H's complaint.

My final decision

For the reasons I've explained, I don't require Nationwide Building Society to do anything more to resolve Mr H's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 8 August 2023.

Sharon Kerrison
Ombudsman