

The complaint

Mr N complains that Nationwide Building Society unfairly blocked and closed his accounts. He is also unhappy that Nationwide won't allow him access to money paid into his accounts. He says this has caused him financial problems, upset and worry.

What happened

The detailed background of this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

Mr N had a personal current account and savings account with Nationwide.

In February 2023, to comply with its legal and regulatory obligations Nationwide reviewed Mr N's accounts. Whilst it completed its review Nationwide restricted Mr N's accounts and asked him to provide information relating to the source of funds that had been paid into his account, and his identification. At the time, the balance of Mr N's accounts was just over £14,000.

Nationwide told Mr N it needed to see two forms of ID in branch, before any blocks could be removed from his accounts and Mr N could access any money in the accounts. In response Mr N went into a branch with a photocopy of his passport but walked away before a member of staff could let him know it wasn't valid identification. Following this Nationwide explained what ID would be acceptable and Mr N agreed to bring in ID as soon as he was able to.

In May 2023 Mr N contacted Nationwide to try and find out what was happening with his accounts. He was promised a call back, but Nationwide didn't return his call. Nationwide apologised to its poor communication and paid Mr N £100 compensation.

Around this time Mr N told Nationwide that he had been diagnosed with a serious health condition that was impacting his mobility, so he said that getting into branch with ID was difficult. Nationwide sympathised with Mr N's situation but said it still needed the information it had requested from him before it was able to remove the blocks on his accounts.

On 19 July 2023 Nationwide sent Mr N a Know Your Customer (KYC) form asking for the form to be filled in and to take a picture with his passport, with a chaser and another form sent on 2 August 2023. Mr N said due to his health condition he was housebound from around this date and that any attempts to visit a branch would be extremely difficult for him to manage physically.

Nationwide did receive a response on 27 July with a photo of Mr N holding his passport, but this wasn't deemed sufficient by the bank. So, Nationwide didn't lift the restrictions on Mr N's accounts or release his balances.

In September 2023, Nationwide decided to close Mr N's accounts immediately and it told Mr N he would need to visit a branch with ID in order to gain access to any funds in his accounts. Mr N complained to Nationwide, but it said it hadn't done anything wrong in blocking and continuing to review his accounts. However, Nationwide apologised for giving

incorrect timescales regarding its review process and paid Mr N £50 compensation for any trouble and upset this had caused him.

Unhappy with this response, Mr N brought his complaint to our service where one of our investigator's looked into what had happened. Due to Mr N's health problems the investigator arranged for Mr N to attend a video call with Nationwide in December 2023, so that he could provide the information the bank wanted regarding his ID and source of funds.

During his call with Nationwide Mr N provided information about how his account had been opened and an explanation about the source of funds in his account. He also gave the bank more information about his employment.

Nationwide reviewed the information and said it wasn't sufficient to show Mr N was entitled to the money in his account. So, it continued to hold onto Mr N's funds. Mr N said not being able to access the money in his account was making things very difficult for him especially given his ill health. In response, Nationwide said it hadn't done anything wrong and had acted in line with its legal and regulatory obligations and the terms of the accounts when it had blocked Mr N's accounts.

Following the meeting between Mr N and Nationwide the investigator looked at all the information and circumstances of Mr N's complaint. She didn't think Nationwide had treated Mr N unfairly when it had reviewed and closed his accounts. She also said that Nationwide hadn't done anything wrong when it had asked Mr N for information and withheld his funds. And that Nationwide had done enough to put things right regarding its poor service. So, she didn't uphold the complaint.

Nationwide agreed with the investigator's view. Mr N didn't. He says Nationwide has no right to hold onto money that belongs to him and have taken too long to complete its review. He wants his money and compensation for the trouble and upset being without access to his accounts and funds has caused him.

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 would add too that our rules allow us to receive evidence in confidence. We may treat evidence from financial businesses as confidential for a number of reasons – for example, if it contains information about other customers, security information or commercially sensitive information. It's then for me to decide whether it's fair to rely on evidence that only one party has seen. It's not a one-sided rule; either party to a complaint can submit evidence in confidence if they wish to, and we'll then decide if it's fair to rely on it. Here, the information is sensitive and on balance I don't believe it should be disclosed. But it's also clearly material to the issue of whether Nationwide has treated Mr N fairly. So, I'm persuaded I should take it into account when deciding the outcome of the complaint.

I can see Mr N feels very strongly about his complaint. That's clear from what's he's said to us and to Nationwide. Whilst I appreciate Mr N's frustration and how this matter has impacted him, it's important to point out that the only thing in question here is whether Nationwide has done what it should have done. I think it has and I'll explain why.

Nationwide has important legal and regulatory responsibilities to meet when providing accounts to customers. Those obligations are ongoing and don't only apply when an account

is opened. They can broadly be summarised as a responsibility to know its customer, monitor accounts, verify the source and purpose of funds, as well as detect and prevent other financial harm.

Nationwide will review accounts to comply with these responsibilities. It's common practice for banks and other financial service providers to restrict access to accounts to conduct a review - doing so helps prevent potential financial loss or other harm that could otherwise result. I've considered the basis for Nationwide's review, which I find was legitimate and in line with its legal and regulatory obligations. So, I'm satisfied Nationwide acted fairly by blocking Mr N's accounts and had no obligation to tell him the basis of its concern or forewarn him of its intention. So, I can't say Nationwide have done anything wrong when it decided to review Mr N's accounts.

As part of their review, Nationwide asked Mr N for detailed information about the money in his accounts and where it came from – which they're entitled to do under their obligations. Having reviewed everything, I think Nationwide's requests were reasonable in the circumstances. Ultimately, it is Nationwide who decide what information they do or do not require as part of a due diligence review and they have a duty to protect their customer's money and understand where it came from in order to comply with its legal and regulatory obligations. Because of that, I can't fairly conclude Nationwide acted inappropriately when it asked Mr N to provide it with information about the source of funds in his account. And his identification documents.

Mr N has said that Nationwide is taking far too long to complete its review of his accounts and release the money blocked in his account back to him. I've looked at the information Nationwide has provided about what it has been doing as part of its review.

I recognise the overall time this situation has taken so far. I accept that Mr N's accounts have been blocked since February 2023. But I do not consider that it would be right for me to conclude it should not have taken in excess of any particular or specific timeframe. Because the bank was entitled – as a matter of principle – to do what it did. I'm also satisfied from looking at the available information that Nationwide has been and continues to be proactive in completing its review from the time it blocked Mr N's accounts. So, I can't say Nationwide has treated him unfairly in taking the time it has to complete its review.

After considering what Mr N has said and the content of Nationwide's review, I don't find awarding Mr N compensation would be fair or appropriate. I understand Mr N would naturally want to know the information I have weighted in order to reach this finding. But as I've set out already, I am treating this information in confidence, which is a power afforded to me under the Dispute Resolution Rules (DISP), which form part of the Financial Conduct Authority's regulatory handbook.

Accordingly, I have accepted information in confidence which I am not disclosing to Mr N. And the description of that information is that it's of a nature which justifies Nationwide's review, and which has led me to decide that awarding Mr N compensation would not be a fair or appropriate outcome for any of the matters he has brought as part of this complaint.

So, I'm not requiring Nationwide to compensate Mr N for any trouble and upset he may have experienced as a result of the time taken by Nationwide carrying out its review, and the further dissatisfaction he experienced which ultimately flowed from not having access to the funds in his account, including his unhappiness with Nationwide's communication and the information it didn't provide him.

I'll next deal with Nationwide's decision to close Mr N's accounts. Sometimes following a review, a bank will decide to close an account. Nationwide is entitled to close an account

with Mr N just as he is entitled to close his account with Nationwide. It's generally for banks and financial businesses 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 a customer or require it to compensate a customer who has had their account closed.

As long as they reach their decisions fairly, it doesn't breach law or regulations and is in keeping with the terms and conditions of the account, then this service won't usually intervene. But before Nationwide closes an account, they must do so in way which is fair and complies with the terms and conditions of the account. I've looked at the terms and conditions and they state that Nationwide could close Mr N's account by giving at least two months' notice. And in certain circumstances it could close the account immediately.

In this case Nationwide closed Mr N's accounts without notice. For Nationwide to act fairly here they needed to meet the criteria to apply their terms for immediate closure – and having looked at these terms and all the evidence that the bank has provided, I'm satisfied that Nationwide did. So, it was entitled to close the accounts as it's already done.

I've then gone on to consider whether the bank's reasons for closing the account was fair. This can be due to a number of reasons and a bank isn't obliged to give a reason to the customer. Nationwide has provided some further details of its decision making process, I'm sorry but I can't share this information with Mr N due to its commercial sensitivity. But I've seen nothing to suggest Nationwide's decision around closing Mr N's accounts was unfair.

Finally, I can see that Nationwide have paid Mr N a total of £150 compensation for providing him with incorrect information and not calling back when it said it would do. I've considered what Mr N has said about the impact Nationwide poor service had on him. Having done so I'm satisfied that £150, is fair and proportionate to the trouble and upset Mr N was caused. Considering the overall circumstances of this complaint, I'm not persuaded to award Mr N more compensation.

In summary, I realise Mr N will be disappointed by my decision. But having looked at all the evidence and circumstances of this complaint, I can't conclude that Nationwide have treated Mr N unfairly. So, I won't be telling Nationwide to do anything to resolve Mr N's complaint. .

I note that Mr N has indicated that he may wish to pursue the matter through other means, I can't advise him on how to go about doing that, but my decision brings to an end what we – as an informal dispute resolution service can do for Mr N.

My final decision

For the reasons I've explained, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 20 March 2024.

Sharon Kerrison
Ombudsman