

## **The complaint**

Mrs G complains Nationwide Building Society (“Nationwide”) blocked her accounts without explanation, causing her substantive distress and inconvenience.

## **What happened**

In December 2022, following an internal review, Nationwide blocked Mrs G’s current account – and two of her savings accounts.

Mrs G says she didn’t realise she’d been sent notice that her accounts were being frozen due to Nationwide carrying out a review as she thought the email was spam. Mrs G was unable to pay her regular direct debit loan payments from her account for a Nationwide loan. And so, had to make alternative arrangements. Mrs G added that she needed access to her funds for expenses.

Unhappy Mrs G complained. Nationwide didn’t uphold Mrs G’s complaint. In short, Nationwide said it has blocked the accounts in line with its terms and conditions. Mrs G referred her complaint to this service.

One of our Investigator’s looked into it, and they recommended the complaint be upheld. Their key findings were:

- Nationwide is entitled to block accounts given its obligations - and they can do so without warning or explanation
- Nationwide blocked Mrs G’s accounts in December 2022 and the blocks remain in place to date. Nationwide has failed to show its acted fairly in doing so. Because of this it should release the funds and pay 8% simple interest on the balance of the current account, and the prevailing interest rates on the savings account for the period of the blocks
- Mrs G says she has lost out financially – but hasn’t explained how. But not having access to her funds would have caused some inconvenience. So Nationwide should pay her £100 compensation for this

Mrs G accepted what our Investigator said. Later she said Nationwide had taken £100 out of one of her accounts.

Nationwide didn’t provide a meaningful response for some time after, and said it needed to do more work internally before providing an answer. Subsequently, and most recently, both Mrs G has explained that Nationwide has asked her for more information relating to the source of her funds and account activity. Nationwide has said Mrs G has provided this information and it is reviewing the matter. Nationwide has also explained that much of the delay is due to its internal processes.

Given the time that has elapsed, and as both parties have had reasonable opportunity to provide further comments and evidence following our Investigator’s outcome, this matter 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 to uphold this complaint in part. 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 Nationwide needs to restrict, or in some cases go as far as closing, customers' accounts.

Nationwide has explained, and provided information, as to why it placed Mrs G's accounts under review and blocked them. Having carefully considered this, I'm satisfied it has done so in line with the obligations it must adhere to.

Nationwide is under no obligation to notify Mrs G of its review or restrictions – though I can see it sent her an email which she erroneously thought was spam-mail. Nationwide is also under no obligation to give Mrs G an explanation for its actions.

Nationwide has explained what it's been doing since blocking the accounts – and what internal matters it has had to deal with. Based on what I've seen, I'm persuaded that Nationwide has caused substantive delays with handling this matter. Because of that I think it should have released the funds to Mrs G much sooner than the 14 months or so that it has.

So Mrs G has been deprived of her funds that she ought reasonably to have had access to. I think that two weeks after the blocks were applied would have been reasonable here. So Nationwide should pay Mrs G 8% simple interest on the funds in her current account, and the prevailing rates of interest on the savings account from 6 February 2023 up until settlement.

Mrs G says she used her Nationwide current account to pay her loan and for non-essential matters such as banking her mothers' funds and moving them on. She had another account with another bank for her main banking needs. She did want to access some of her savings during the period of the blocks to pay for things such as plumber costs.

So I think she's been inconvenienced by Nationwide's actions – and she would have suffered some distress too. I'm persuaded that £100 is fair compensation for this.

I note Mrs G says £100 has recently gone missing from one of her accounts. But my decision directs Nationwide to release the funds in her accounts on the day they were blocked.

I note Nationwide has recently initiated some due diligence by requesting Mrs G to send it information related to her account activity and source of funds. But it ought to have done this when first blocking the accounts.

### **Putting things right**

To put things right, Nationwide must:

- Release the funds to Mrs G in her current account and pay 8% simple interest on this

from the 6 February 2023 up until settlement\*

- Release the funds to Mrs G in her two savings accounts ensuring she has been paid the prevailing rate of interest on them whilst they've been blocked\*
- Pay Mrs G £100 compensation

\* If Nationwide considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mrs G how much it's taken off. It should also give Mrs G a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

### **My final decision**

For the reasons above, I uphold this complaint in part. Nationwide Building Society must now put things right as directed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs G to accept or reject my decision before 22 March 2024.

Ketan Nagla  
**Ombudsman**