

The complaint

Mr F complains that Nationwide Building Society restricted access to his current account for more than eight months.

What happened

In May 2023 Mr F instructed Nationwide to make a payment of £1,000 from his account to an account in the USA. Nationwide had concerns about the payment and sought further information about it and about the payee from Mr F. He did not answer Nationwide's questions, but he did explain that he did not personally know the payee.

Nationwide did not complete the payment (and Mr F cancelled it), but it did restrict Mr F's access to the account. The effect of that was that Mr F could only make cash withdrawals at the branch. That in turn meant that Nationwide could decide how much he could withdraw at any one time. Over the next several months he was able to make withdrawals of a few hundred pounds at a time, but there were several occasions when Nationwide would not allow withdrawals or would not allow Mr F to withdraw the full amount he requested. It is not necessary for the purposes of this decision to set out all the occasions on which Mr F made, or tried to make, withdrawals.

Mr F complained to Nationwide and to this service – both about the restrictions on the account and about the time it was taking to resolve his concerns.

Following an investigation, one of our investigators issued an initial assessment in January 2024. She thought that it had been reasonable for Nationwide to restrict the account in the way it had. However, she expressed the view that it should have completed its own investigations sooner and then decided either to lift the restrictions or to close the account. At that point, it had not decided whether it wanted to retain Mr F as a customer.

The investigator recommended that Nationwide pay Mr F £250 and that it decide whether to lift the account restrictions or to close Mr F's account. Nationwide agreed to the compensation and, after a further short delay, to give Mr F notice to close the account – on 90 days' notice.

Mr F has now been able to make alternative banking arrangements. He did not think however that £250 was adequate compensation. He asked that an ombudsman review the case.

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 have reached the same overall conclusion as the investigator did, and for similar reasons.

Whilst account providers should usually follow payment instructions given by their customers, they can decline to do so in some circumstances – for example, where it appears possible that they or their customers might fall victim to a scam. In the circumstances of the payment which Mr F was trying to make in May 2023, I think it was reasonable of Nationwide to ask more questions to satisfy itself that Mr F had not been targeted by fraudsters. When Mr F's answers did not provide the reassurance Nationwide was seeking, I think it was reasonable to keep the restrictions on the account.

However, in my view, Nationwide's further investigations took very much longer than they should have done. I agree with the investigator that it should have decided much sooner than it did that it should lift the restrictions or close the account.

As I have indicated, the account has now been closed, and Mr F has been able to open a new account elsewhere. I do not need therefore to make any award requiring Nationwide to make any changes to the account.

I do however need to consider whether the investigator's recommendation of £250 by way of compensation is fair in the circumstances. In my view it is. In saying that, I have in mind that Mr F would have suffered some inconvenience as a result of the restrictions on the account in any event. As I have said, I think it was reasonable of Nationwide to impose them. And Mr F remained able to use the account, albeit not to the full extent he would have expected.

Although Nationwide agreed with the investigator's proposed remedy, Mr F did not. I will therefore make a formal award, to ensure that Nationwide's offer remains open for acceptance and so that Mr F can enforce it, should that be necessary.

My final decision

For these reasons, my final decision is that, to resolve Mr F's complaint in full, Nationwide Building Society should pay him £250.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 13 June 2024.

Mike Ingram
Ombudsman