

The complaint

Mr G is unhappy that National Westminster Bank plc (the Bank) closed his account, requiring the repayment of an overdraft and separate credit card account balances, without providing a process to facilitate this.

What happened

The Bank wrote to Mr G in February 2019 telling him they had decided to close his current account. This gave 60 days' notice for him to make other arrangements and to repay any outstanding overdraft.

Mr G rang the Bank and told them he could not deal with this as his wife was ill and that as a long-standing customer the closure was unreasonable. The Bank responded to say that it was entitled to do this and set out what would happen if the overdraft was not cleared by the closure date.

The account was closed at the end of the notice period. The overdraft had not been repaid so it was passed to the Bank's 'Debt Management' team and later to external debt collection agencies.

Mr G states he had difficulty dealing with his debt as different departments (one for the overdraft and another for the credit cards) were contacting him and neither knew the full picture. Mr G says there were problems making contact due to large time differences as he was abroad for a lengthy period. Mr G states the Bank's actions led to other creditors closing accounts.

Mr G referred the complaint to our service and our investigator looked into it. Having done so, they didn't uphold the complaint. They said that the Bank had acted reasonably as it had followed the terms and conditions of the account and the regulatory rules and standards set out in the Banking Conduct of Business sourcebook (BCOBS).

Mr G replied saying both the Bank's and our investigation hadn't addressed his complaint correctly.

Mr G says he accepts the Bank could close his account. Instead, he was complaining about a lack of process to enable him to arrange the repayment of the debts and that the Bank would not engage with him. Mr G wanted one point of contact for all his accounts. Our investigator raised this with the Bank. Who replied that this wasn't possible, as they were separate accounts dealt with by separate departments. But said that each would take into account payments required on other accounts. Mr G does not think the Bank has treated him fairly.

Our investigator asked Mr G for details about the credit card, any repayment proposals and any failure of the Bank or its agents to engage with him, but Mr G didn't provide anything further.

As Mr G disagrees with our investigator's view the complaint has 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 won't be upholding the complaint.

I have considered both the account closure and what happened afterwards in coming to this decision.

Closure of the account

Banks offer accounts at their discretion and can generally decide to close them if they wish. Mr G says he accepts that the Bank had the right to close his account but he was clearly angry about this.

The Bank's closure letter gave the required notice set out in the terms and conditions and the account was closed once this ended. So, while I realise how unhappy Mr G was with this decision, I think the Bank followed its process correctly here and gave Mr G fair notice of its intention to take this action.

Process after closure

As a business, a bank is entitled to recover money owed to them. Here, when the Bank told Mr G it would be closing his account, the relevant letter confirmed that any outstanding balance should be repaid by the closure date.

When Mr G called the Bank following receipt of the closure letter they told him that if he couldn't repay the full amount by the closure date it would be passed to their 'Debt Management' department which would be able to discuss repayment plans with him.

The next day, when the Bank wrote to Mr G rejecting his complaint, it confirmed these procedures:

"If your account is not cleared, they will remain open and moved to the Debt Management Operations (DMO) to manage as per their process ...

The DMO team will come to an arrangement with you however this doesn't happen until after the closure of your account."

They also provided the phone number for the 'Account Maintenance' team should Mr G wish to discuss this matter further.

All of this shows that the Bank was following its procedure for the closure of accounts. Closing an account will often be frustrating and inconvenient for a customer, as it was for Mr G. But that doesn't mean the Bank acted wrongly when they did this. They gave him a number of options for how he could discuss the situation to minimise any disruption caused by this. It also explained what would happen moving forward.

Mr G may not have agreed with the process and felt a more personal approach should have been taken due to his previous relationship with the Bank. But, the Bank are entitled to decide on the processes they have in place for situations like this. I haven't seen anything to say that this process meant that Mr G was treated unfairly here.

Mr G says he was contacted by DMO and then debt collection agencies on numerous occasions. Recovery action from debt collectors is normal banking practice if a repayment plan can't be agreed, or if a customer doesn't engage with the process, as appears to have been the case here.

Mr G hasn't provided details about the credit card debt he says was also subject to recovery action. Banks are required to treat customers positively and sympathetically over debt problems. Mr G hasn't provided any evidence of unreasonable or unfair behaviour by the Bank in relation to this complaint though.

To come to a repayment agreement Mr G would need to explain his overall financial position. The Bank said they would take into account repayments required on other accounts. This required Mr G to engage with them. I don't think having two points of contact rather than one prevented him from doing this.

Mr G says the Bank's actions damaged his credit rating and resulted in other creditors closing accounts. But banks will make reports about how customers conduct their accounts to credit reference agencies. If these reports are accurate, any action taken by other creditors is not the Bank's fault, so they did nothing wrong here.

I understand that this was a very stressful time for Mr G and his family. Some of his later emails to us indicate he wanted our service to mediate a repayment agreement with the Bank for him which is not our role as an independent dispute resolution service. But having looked at what the Bank did here – I'm satisfied they gave him the correct advice as to how he could negotiate something like this here.

Overall, I don't think the Bank has acted unfairly or unreasonably. The account was correctly closed. There is a process to deal with the consequences of closure, including when a debt can't be settled in full. Mr G was made aware of this process at an early stage. So I won't be telling the Bank to do what Mr G wants here.

My final decision

My final decision is that I do not uphold the complaint against National Westminster Bank plc. Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 3 April 2020.

Nigel Bracken
Ombudsman