

The complaint

Mrs M complains that National Westminster Bank Plc (NatWest) closed her bank accounts without proper notice or explanation. This left her unable to access her funds.

What happened

The facts of this case are well known to both parties and aren't in dispute. So, I'll only detail them briefly. Mrs M had a number of NatWest accounts, including a Help to Buy ISA. The bank carried out a review of her accounts, and made the decision to close them, giving Mrs M 14 days' notice. They also asked her to repay the outstanding balance on a credit card. Mrs M complained to NatWest, but the bank didn't think they'd done anything wrong.

Mrs M referred the complaint to our service and one of our investigators looked at what happened. They felt that while NatWest could close Mrs M's accounts, they should have provided more than 14 days' notice. After discussions with NatWest the bank offered £200 compensation for the inconvenience caused. The investigator also thought that NatWest should arrange to reinstate the Help to Buy ISA, as these were no longer available, along with any interest due.

The bank agreed with this. But Mrs M disagreed, saying the closure had caused a great impact on her health. She didn't think the way NatWest handled the closure had been fair and had left her at a deficit trying to repay her bills. She said she couldn't make use of the Help to Buy ISA anymore, as she didn't have the money to pay in to it. She requested NatWest reopen the account and repay what she would have paid in since the account was closed.

Because no agreement could be reached 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'm satisfied NatWest's offer of £200 compensation and the re-opening of the Help to Buy ISA is fair. I appreciate this will be disappointing to Mrs M, but I'll explain why.

Firstly, it's been accepted by NatWest that it wasn't appropriate to only give Mrs M 14 days' notice before closing her account, and to restrict activity right away. The terms of Mrs M's accounts allowed NatWest to close the account for any reasonable reason, so long as they provide 60 days' notice. They can give less notice in some circumstances, but it's now clear these circumstances didn't apply in Mrs M's case.

NatWest didn't carry out much in the way of an investigation before making the decision to close the account to satisfy themselves they were acting in line with their own terms. Had they done so, they may have made a different decision on the closure, although this isn't

certain. But in any case they should have provided Mrs M the full 60 days' notice before closure, giving her more time to make other banking arrangements.

Turning to the Help to Buy ISA, NatWest could have also taken in to account that Mrs M wouldn't have been able to get the same product elsewhere, as the scheme was closed to new applicants. This should have given the bank further caution before deciding to close it.

I'm satisfied that NatWest had the right to close Mrs M's account – banks aren't obliged to provide accounts to consumers. And generally unless there's a very good reason to do so, our service wouldn't require an account to be reopened or compensation paid for an account being closed. But I find the manner in which they closed Mrs M's account was unfair to her. I can see this has caused her a degree of distress and inconvenience and it's right that NatWest compensate her for this.

I've gone on to consider the impact of the shortened notice on Mrs M. I understand she couldn't make payments for bills while NatWest were withholding her funds, and also couldn't attend the branch to collect the funds as she was isolating. This meant she couldn't access her money for several weeks after the account was closed off. She had to arrange to borrow money from a relative to get by. And this could all have been avoided if NatWest had given her the proper notice period to make other arrangements.

Mrs M did open an account elsewhere within two weeks of the account closure, so I'm satisfied she wasn't left without banking facilities for an extended period. She's highlighted bills and charges that were missed at the time because she didn't have access to funds. But these payments were always due to be paid, and could have been made up once NatWest had released the funds. It wouldn't be fair for me to ask NatWest to cover these costs.

It would have been impossible for Mrs M to open a Help to Buy ISA with another provider as the scheme had been closed to new applicants. So, I think NatWest's offer to reinstate the ISA is reasonable.

I'm sorry to hear that Mrs M doesn't feel she is in a position to make use of it. But payments can still be made in to Help to Buy ISAs until November 2029, so she may be able to make use of it in the future.

I don't think it would be reasonable to ask NatWest to pay the £200 monthly ISA payments as from what she's told us it seems unlikely Mrs M would've been able to keep up these payments had the account remained open. So, I don't consider this to be a loss caused by NatWest.

I've also considered the impact Mrs M has highlighted on her health and wellbeing, and I sympathise with the difficulty NatWest's decision caused her. It's clearly caused her a great deal of upset and worry at a particularly difficult time, especially in the wider context of the pandemic. But having reviewed the evidence thoroughly, I think £200 is a fair and reasonable reflection of the distress caused by NatWest.

My final decision

For the reasons explained above, I uphold this complaint. National Westminster Bank Plc should pay Mrs M £200 for the trouble and upset of not giving her adequate notice of the account closure. The bank should also reinstate Mrs M's Help to Buy ISA and pay the interest that would have been accrued since it was closed.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 24 March 2022.

Ombudsman