

The complaint

Ms H complains that National Westminster Bank PLC restricted and then closed her current account.

What happened

Ms H had a current account with NatWest. In December 2019, NatWest decided to close it. NatWest says it wrote to Ms H, giving her 60 days notice of this.

But Ms H says she didn't receive the notice – and says she only discovered what had happened after NatWest placed a block on her account in February 2020. NatWest then closed the account in March 2020. It sent Ms H a cheque for the balance. Ms H, however, had changed her name – which meant she wasn't able to pay the cheque into her new account.

While all this was happening, Ms H didn't have access to the funds – which she says caused financial difficulties. Dissatisfied, she complained to NatWest and then referred the complaint to us.

Our investigator looked at this. She concluded that NatWest was able to close the account in line with its terms and conditions. She wasn't persuaded that the business should have blocked the account as it did – as this meant Ms H wasn't able to withdraw her funds. She also thought that NatWest could have explained better what Ms H needed to do to change the name on the account.

The investigator initially recommended NatWest pay Ms H £250. But after NatWest send us additional information she reviewed the complaint and instead recommended NatWest pay Ms H £100. She also asked NatWest to send Ms H the outstanding balance, together with simple interest to compensate Ms H for the time she'd been out of pocket.

NatWest agreed with the investigator. Ms H didn't. The complaint has been passed to me to decide.

Ms H has also complained that NatWest has registered a default against two of her loans. These accounts are separate from the current account, so I'm not going to comment on these further in this decision. They'll be looked at as a separate complaint.

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've first considered the closure of the account. Generally speaking, banks are allowed to make commercial decisions about who can bank with them. And where a bank decides to close a customer's account, it doesn't need to give a reason or an explanation. The main question I need to consider is whether, when it closed the account, NatWest complied with the relevant terms and conditions.

In Ms H's case, the terms and conditions say NatWest can close her account as long as it gives her at least 60 days' notice. Based on what I've seen, NatWest sent Ms H a letter on 17 December 2019 to say it had decided to close her account. This meant Ms H had until 15 February 2020 to find a new bank. Based on what Ms H has said, she first had problems using the account on 14 February 2020, which is a day before the expiry of that period. The accounts were then blocked on 20 February 2020 – which was after the 60-day period had ended – though the account itself wasn't formally closed until 26 March. As such, I think NatWest has substantially complied with its terms and conditions.

Ms H says she didn't receive this notice – and so only discovered what was happening in February after her debit card stopped working and she received notices from suppliers that her direct debits had been cancelled. I've thought about this. The letter from NatWest was addressed correctly, and letter was also one of the methods of communication allowed according to the account's terms and conditions. So though Ms H says she didn't know NatWest intended to close her account, this isn't something I can hold NatWest responsible for.

I've next considered the decision to block Ms H's account. Banks may need to block accounts at any time to comply with their legal and regulatory obligations, and again they don't need to give reasons why they block an account. In this case, the account was blocked on 20 February 2020, which was after the 60 days given in the notice to close the account. I appreciate this was inconvenient for Ms H, as it meant she couldn't withdraw her remaining funds from the account. But I can't say it was wrong for NatWest to have done this – and having considered everything I can understand why they did this to comply with their responsibilities.

That said, I think NatWest could have explained what was happening better. It doesn't look as though it explained what Ms H needed to do to change her name on its systems so she could receive the cheque after the blocks were lifted and the account was closed. It appears Ms H had to contact the business a number of times before she learned her account had been closed. And it also appears there was a delay between the point at which NatWest could have lifted the restrictions on the account and the date the account was actually closed. I can see this caused Ms H material inconvenience. And if NatWest had explained things better, I think Ms H would have received her money by now.

So to put things right, I think NatWest should now send Ms H the £218.85 that was left in her account if it hasn't already. It should add interest – the rate is 8% simple per year – from 26 March 2020 when the account closed until the day Ms H gets it back. It should also pay Ms H £100 for the trouble and upset it caused.

My final decision

For the reasons above, I uphold Ms H's complaint in part. National Westminster Bank Plc should put things right by doing what I've said above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms H to accept or reject my decision before 25 April 2022.

Ombudsman