

## **The complaint**

Mr S complains National Westminster Bank Plc (“NatWest”) closed his account, withheld funds held in it, told him he could collect his funds when he couldn’t, and then caused severe delay in returning them to him.

## **What happened**

In January 2020, Mr S opened a new account with NatWest. He then deposited a cheque into it. Around a week later, NatWest wrote to Mr S explaining it was not proceeding with his application for his bank account as he does not meet its criteria.

In that letter, Mr S was told he could go into a NatWest branch with ID to collect his balance. Mr S says he went into the branch shortly after, but NatWest’s staff said they couldn’t give him the funds.

NatWest said it was carrying out a review and gave no timescale to Mr S as to how long it would take. NatWest didn’t complete its review until late May 2020. Shortly after the funds held in Mr S’ were released to him.

NatWest accepted it had taken longer than it should have in carrying out its review.

One of our Investigator’s looked into the matter, and whilst doing so NatWest made an offer of £300 as compensation to resolve Mr S’ complaint.

In summary, our Investigator concluded:

- NatWest was meeting legal and regulatory obligations whilst restricting funds in Mr S’s account
- NatWest was proactively working to complete its review
- NatWest can’t evidence the full time the block was in place was an avoidable delay. But based on what they could see, £300 is fair compensation for any delay

Mr S did not agree. It follows the 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 that, I’ve decided to uphold this complaint in part. I’ll explain why.

Banks in the UK 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 banks need to restrict, or in some cases go as far as closing, customers’ accounts.

A bank is entitled to close an account just as a customer may close an account with a bank. But before a bank closes an account, it must do so in a way, which complies with the terms and conditions of the account.

Having looked at the information given to me by NatWest – which I'm under no obligation to disclose - I'm satisfied it was entitled to close the account in the way that it has done. In reaching this conclusion, I have considered this was a new account which had been opened for just a few days when NatWest decided to review and close it.

NatWest told Mr S he could have the funds straight away when that wasn't the case. This no doubt caused inconvenience and distress. But NatWest had cause to hold onto the funds whilst it carried out a review. I don't, as I've already said, need to disclose what those reasons were.

NatWest has little information available to show what investigations were carried out. But from what little I have seen; I'm satisfied it was conducting checks which I'm persuaded were reasonable and proportionate.

Having said that, I can't be sure if NatWest could have returned the funds sooner than it did at the end of May. But I do think its likely, that if anytime could have been saved, it would have likely been a few weeks, or little over a month.

So given what Mr S has told us, including where his funds came from, I'm satisfied NatWest's offer to address the delays, and any distress and inconvenience this caused him, is fair compensation.

### **My final decision**

I uphold this complaint in part and direct National Westminster Bank Plc to pay Mr S £300 compensation for the distress and inconvenience it has caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 19 April 2022.

### **Ombudsman**