

The complaint

Mr H complains that National Westminster Bank PLC (NatWest) blocked and closed his account and recalled a Bounce Back Loan (BBL) he had been granted.

Mr H ran a sole trader business, so the account and complaint is in his personal name.

What happened

On 15 July 2020, NatWest granted a BBL to Mr H in the sum of £38,500. On 17 August 2020, NatWest blocked Mr H's account while it carried out a review. The next day, NatWest issued Mr H with 14 days' notice to close his account. Later, NatWest served Mr H with a notice of default and recalled the BBL.

NatWest didn't reply to Mr H's complaint, so he contacted our service to look into things. However, our investigator didn't uphold his complaint. She couldn't disclose the reasons NatWest made its decision, but she was satisfied it was entitled to do so, having reviewed the information both parties had provided.

Mr H didn't agree. He said he had paid deposits to suppliers for purchases he couldn't complete, because of NatWest's actions. He asked for an ombudsman to review the matter afresh.

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 understand that Mr H's primary concern is being declined access to the BBL funds. But I think it's helpful to first set out my findings on NatWest's actions leading up to the recall.

Account block

All banks in the UK are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. That sometimes means they need to restrict customers' accounts while they carry out a review. So, in order to make an award in favour of Mr H, I would need to be satisfied that NatWest acted unfairly or took actions it wasn't entitled to take.

Having looked at the evidence, I'm satisfied NatWest acted in line with its legal and regulatory obligations when it blocked Mr H's account. And that it was entitled to do so under the account terms and conditions that governed the relationship between NatWest and Mr H.

Account closure

A bank is entitled to close an account with a customer, so long as it does so in a way that complies with the terms and conditions of the customer's account. The terms and conditions of Mr H's account – which both NatWest and Mr H had to comply with – say that NatWest could close the account by giving Mr H 60 days' notice, or immediately in certain

circumstances.

Having considered the evidence NatWest has provided to explain why it closed Mr H's account, I'm satisfied it acted in accordance with its terms and conditions when it did so. Based on the evidence I've seen, NatWest was entitled to terminate its relationship with Mr H immediately, so I don't think it treated him unfairly by giving him 14 days' notice.

Bounce Back Loan

I recognise NatWest's decision to withdraw the BBL will have caused Mr H inconvenience and I've listened to what he's said about the impact on his business. But, in order to make an award in Mr H's favour, I'd need to be persuaded that such impact was the result of NatWest doing something wrong, or treating Mr H unfairly.

NatWest issued a formal letter of demand on 10 November 2020, in which it said an event of default had occurred which had led NatWest to demand immediate repayment of the loan. It explained payment of £38,500 was due and it then used the money in Mr H's account to settle the debt.

I understand Mr H doesn't believe NatWest was entitled to recall the loan, but having reviewed the evidence both parties have submitted, I'm satisfied that it was. The terms and conditions of the BBL set out the circumstances in which NatWest can demand repayment of the loan, as well as the circumstances in which it can offset funds maintained in a current account against the outstanding balance. And I'm satisfied NatWest followed the correct procedure and acted in accordance with the terms of the BBL.

I understand Mr H might want to know the reasons behind NatWest's decision. But the terms of the BBL don't oblige it to divulge that information. And, having thought about everything both parties have told me, I see no basis on which I could reasonably compel NatWest to undo its actions, or compensate Mr H for any losses he suffered.

I recognise this was not the outcome Mr H was hoping for, and that he feels strongly about his complaint. And while I can't divulge any more information, I hope he will take some comfort from the fact that an independent third-party has reviewed NatWest's actions.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 22 August 2022.

Alex Brooke-Smith
Ombudsman