

Complaint

Mrs A and Mr A are unhappy that National Westminster Bank Plc (“NatWest”) closed their accounts and then denied them access to their funds.

Background

In July 2021, NatWest took the decision to close Mrs A and Mr A’s current and savings accounts. NatWest told Mrs and Mr A that this was a course of action it was entitled to take and it didn’t need to provide them with a reason for its decision.

Mrs and Mr A were unhappy with this and the fact that they were told it could take up to 60 days for them to be able to access the funds in their accounts. And they complained to NatWest about these matters. NatWest didn’t uphold Mrs A and Mr A’s complaint. Mrs A and Mr A remained dissatisfied and asked us to look into the matter.

One of our adjudicators looked into Mrs A and Mr A’s concerns. She thought that NatWest was entitled to close Mrs A and Mr A’s account but given the circumstances it took too long to return Mrs A and Mr A’s funds to them. NatWest ‘challenged’ the adjudicator’s view. After being told the case was being passed to an ombudsman, NatWest asked for extra time to consider its position. As that extra time passed without an acceptance from NatWest the complaint was passed to an ombudsman for a final decision as previously advised.

My findings

I’ve considered all the available evidence and arguments to decide what’s fair and reasonable in the circumstances of this complaint.

Having carefully considered matters, I’ve decided to uphold Mrs A and Mr A’s complaint. I’ll explain why in a little more detail.

As our adjudicator explained, NatWest, or any other bank for that matter, is under no obligation to continue offering an account to a customer if it doesn’t wish to do so. So while I appreciate Mrs A and Mr A felt at their account being closed, NatWest was perfectly entitled to take the decision that it no longer wanted them as customers. And I don’t think that NatWest did anything wrong or acted unfairly in relation to this matter.

That said, NatWest blocked access to the funds in Mrs A and Mr A’s accounts. NatWest has said that its terms and conditions state that it can take up to 60 days to release the funds from an account and as it released the funds within this period of time it didn’t do anything wrong. But I’d expect 60 days to be the absolute maximum period of time for NatWest to return a customer’s funds. And I don’t think that simply returning the funds within 60 days will automatically mean that it will have acted fairly and reasonably towards a customer in every case. I think that this is an important point for me to make as I’m mindful of the particular circumstances of this case.

As I understand it, the current account NatWest closed was the main account Mrs A and Mr A used to meet their regular household expenditure. In particular Mrs A and Mr A told

NatWest that they needed to access the funds in the account to pay their children's school fees and provided the documentary evidence to support what they said. I accept that NatWest did release the funds in time for the fees to be paid. But I think that it could have confirmed that it would do this at the time Mrs A and Mr A made their request, or offered an alternative such as transferring the necessary funds to the school on Mrs A and Mr A's behalf.

I think that the failure to provide the necessary reassurance, or offer alternative options caused Mrs A and Mr A distress and inconvenience. And this means that I think NatWest failed to treat Mrs A and Mr A fairly and reasonably. As this is the case, I think that NatWest should pay Mrs A and Mr A £100 in compensation for the distress and inconvenience its actions caused.

Overall and having considered everything, while I'm satisfied that NatWest was entitled to close Mrs A and Mr A's account, I think it failed to provide the necessary reassurance or alternative options when told about the need to release the funds in the account for Mrs A and Mr A's school fees. So I'm partially upholding Mrs A and Mr A's complaint and telling NatWest to pay Mrs A and Mr A £100 in compensation.

My final decision

For the reasons I've explained, I'm upholding Mrs A and Mr A's complaint. National Westminster Bank Plc should pay Mrs A and Mr A £100 in compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs A and Mr A to accept or reject my decision before 28 July 2022.

Jeshen Narayanan
Ombudsman