

## **The complaint**

Mr S is a sole trader. He complains about the way National Westminster Bank Plc (“NatWest”) closed his business and personal accounts, and in particular that it took too long to release the money he held in them.

## **What happened**

Mr S held a personal account and business account with NatWest.

NatWest conducted a review of its relationship with Mr S in August 2020. This led the bank to end the relationship and it sent notice to Mr S on 17 August 2020 that it would be closing his accounts with immediate effect. There was a closing balance of around £7,700 and £1,500 on Mr S’s personal and business accounts respectively, for which the bank provided Mr S a “funds release form” to arrange the transfer of the money.

Mr S says that he initially completed and submitted the funds release form shortly after the accounts were closed – but it was only after repeated calls and emails, and a further submission of the form, that the bank released the funds several months later. The personal account balance was released on 26 January 2021 and the business account balance a few days later, on 1 February.

In response to Mr S’s complaint about how NatWest had handled the closure of his accounts, the bank said:

- The terms and conditions of Mr S’s accounts allowed for them to be closed immediately in certain circumstances, and that decision wouldn’t be changed.
- Its timescale for the release of funds was 28-60 days, but it hadn’t processed Mr S’s form in line with this.

To put things right, it offered to pay 8% interest on the amounts from 5 October 2020 until the date they were released and pay Mr S £200 compensation for the distress and inconvenience caused by the delay.

As Mr S wasn’t happy with the bank’s offer, he asked us to look into things. He highlighted, in particular, that he had originally provided a funds release form in August before completing a second form in October as the bank had misplaced the original.

NatWest subsequently offered to increase its offer of compensation by £100. Our investigator thought this revised offer was a fair way to put things right, as:

- She didn’t think NatWest had done anything wrong in closing the accounts in the way it had.
- There had been a delay in releasing the funds, as the bank had accepted. She couldn’t see that the bank had received Mr S’s funds release form until 5 October 2020, so she agreed that was the point from which the bank ought to have acted on

his instructions. And the offer of 8% interest on the balances from this date until they were released was in line with our usual approach to issues of this nature.

- She noted that Mr S had to chase the bank up a number of occasions and borrow from friends while awaiting the release of the funds. For the distress and inconvenience caused by the bank's delay, she thought £300 was fair compensation.

Mr S didn't accept our investigator's view. He thought the bank had closed his accounts in response to his fraud claim and maintained that he'd provided a funds release form much earlier than 5 October 2020. He didn't think the compensation was sufficient, and asked that this be increased to £2,000.

So with no resolution, the complaint was 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 think NatWest's offer to put things right is fair – so I'm not requiring it do anything more than it has already proposed. I'll explain why.

After completing its review of Mr S's accounts, NatWest decided to withdraw its services from Mr S. That was a decision it was entitled to make. The terms and conditions allowed the bank to close the company's account immediately in certain circumstances. I think this was reasonable in light of the findings of the bank's review.

I understand from Mr S's comments that he believes NatWest only decided to end its relationship with him in light of the fraud claim he raised and he doesn't think that's fair. I wouldn't expect a bank to terminate a relationship solely because a fraud claim was raised, and I don't think that's what happened here. The fraud claim appears to have prompted the bank to conduct a review, and the findings of that review then led the bank to its decision. There was nothing unreasonable in that.

I'd expect NatWest to have dealt with the release of Mr S's funds within a reasonable timescale – and I don't think it did. While the bank has accepted this, there is still a dispute as to when the funds ought reasonably to have been released.

NatWest has accepted responsibility for the delay from 5 October 2020, being the date it received Mr S's completed funds release form. Mr S says this was the second form he submitted – and that he'd submitted one much earlier, shortly after the accounts were closed in mid-August. But he's not been able to provide any documentary evidence of this, such as proof of postage. While that's understandable, it does mean I don't have anything to confirm when Mr S sent it or indeed to show that it was ever received by the bank. Mr S has explained that he didn't chase the bank up in the interim as it had said that the release could take up to 60 days, so it doesn't seem there was a point at which this could've come to light any earlier than it did.

NatWest could only release the funds when it had Mr S's instructions – by way of the funds release form. Based on what I've seen, I think the bank received this on 5 October 2020. So that is the earliest it could've released the funds. It's offered to pay 8% simple interest on the funds from this date until their release, which I think is a fair way to compensate Mr S for being deprived the use of this money.

Mr S hasn't told us that he suffered any financial losses as a result of being without the money, so the only remaining question is whether he was caused any distress or inconvenience by what happened. I can see that he spent a lot of time and effort chasing the bank on a number of occasions from October onwards, by phone and email, with the funds not released for around three months. He also had to make other arrangements while without the funds, although I think there was always going to be some need to do so for the period prior to 5 October given what I've said above. Taking into account everything I've seen, I think £300 is fair compensation for the distress and inconvenience that the bank's delay in releasing the funds caused Mr S.

### **My final decision**

I uphold this complaint and require National Westminster Bank Plc to:

- Calculate 8% simple interest per year on the closing balances of Mr S's accounts from 5 October 2020 to the date of their release and pay this amount to Mr S, and
- Pay Mr S compensation of £300.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 8 August 2022.

Ben Jennings  
**Ombudsman**