

## **The complaint**

A, a limited company complains that National Westminster Bank Plc blocked and closed its accounts. A also complains that NatWest didn't return all the money that belonged to it when the bank closed its accounts. And continued to send out account statements. A's complaint has been brought to our service by its director, Miss L.

## **What happened**

A had three business accounts with NatWest. A sterling account and two Euro accounts. In January 2021 NatWest blocked and reviewed A's accounts. Following its review, NatWest decided to close A's accounts with 14 days' notice. At the time A's sterling account balance was just over £200 and the Euro accounts just over €900. NatWest closed A's sterling account and released the balance to Miss L. But it didn't close A's Euro accounts properly and continued to send A account statements.

Miss L complained to NatWest about the closure of A's accounts. She explained that the closure and block on A's accounts stopped incoming credits resulting in a loss of around £100,000 to A, made it difficult for her to pay staff wages and resulted in her having to use an overdraft facility on another account to meet A's VAT expenses.

NatWest looked into things and accepted it had made mistakes when it closed A's accounts in January 2021. NatWest said due to an oversight it hadn't closed A's Euro accounts or returned the balance in those accounts to A. NatWest released the outstanding balance to Miss L in September 2021. The bank also apologised to Miss L and offered to pay her £300 compensation for any trouble caused by the delay in releasing the funds and continuing to send out account statements.

Miss L declined NatWest's offer and said it didn't adequately reflect the amount of inconvenience and financial losses the bank had caused A by closing its accounts. Miss L also pointed out that even after the bank had acknowledged it had made a mistake, she continued to receive bank statements which meant she had to spend time trying to sort out what was happening. And that the bank had deducted a transfer fee of €31.50 when it eventually released the outstanding account balance, which she thought was unfair.

Unhappy with the banks' response, Miss L brought A's complaint to our service where one of our investigators considered it. Miss L told the investigator that A suffered losses of around £100,000 of commission payments from clients due to them being unable to send payments to A's NatWest accounts. And she provided invoices of payments A was expecting in support of what she said.

The investigator said NatWest was entitled to review A's account and had done so in line with its legal and regulatory obligations. She said that whilst the closure of A's accounts would've made it difficult for Miss L to run her business, NatWest hadn't done anything wrong when it decided to close A's accounts. However, she said NatWest didn't release A's funds when it should have and continued to send account statements from a closed account. To put things right she said NatWest should pay £100 in addition to the £300 compensation already offered and refund the €31.50 transaction fee.

NatWest agreed with the investigator's recommendations. Miss L didn't. So, the matter has come 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.

Firstly, as the investigator has already explained, NatWest has extensive legal and regulatory responsibilities they must meet when providing account services to customers. And to fulfil these obligations they may need to review activity taking place on accounts and ask customers for information – it's entitled and obliged to carry out such checks. The terms of A's account also permit NatWest to review an account.

Having looked at all the evidence, I don't believe it was unreasonable in the circumstances for NatWest to block A's accounts. NatWest has explained that this was its standard procedure, and I accept that it was. I'm satisfied that in doing so NatWest were complying with its legal and regulatory obligations. So, whilst I accept, the bank's actions caused A difficulties when it decided to block its accounts, I can't say the bank did anything wrong and treated A unfairly in doing so. So, it wouldn't be appropriate for me to award A compensation since I don't find the bank acted inappropriately in taking the actions it did.

I then turn to the bank's decision to close A's accounts. It's generally for banks to decide whether or not they want to provide, or to continue to provide, banking facilities to any particular customer. Unless there's a very good reason to do so, this service won't usually say that a bank must keep a customer or require it to compensate a customer who has had their account closed. As long as they reach their decisions about that in a legitimate manner, this service won't usually intervene.

NatWest provided some further details of its decision making process, I'm sorry but I can't share this information with A due to its commercial sensitivity. But I've seen nothing to suggest NatWest's decision around closing A's accounts was unfair. I'm satisfied here that the bank's decision to stop providing A with banking facilities was reached legitimately and fairly.

Banks should give reasonable notice before closing an account. Usually, that means 60 days' notice, but it can be less – depending on the circumstances. In this case NatWest closed A's accounts with 14 days' notice. Having looked at all the evidence, in my view that wasn't unreasonable. And I'm satisfied that the bank acted in line with the account terms and relevant regulations.

I know Miss L is seeking compensation of around £100,000 to cover financial losses she says A incurred as a result of NatWest closing A's accounts. And she has submitted evidence in support of what she's said. I've looked at the paperwork Miss L has provided, and I'm not convinced this shows A lost *any* money. In any event it wouldn't be appropriate for me to award any compensation since I don't find NatWest acted inappropriately.

Turning to awards for non-financial loss there isn't a set formula that we use to calculate awards for particular mistakes or poor service. It's my role to consider what impact NatWest's actions have had on A and decide, within guidelines set by our service, whether compensation would be appropriate in the circumstances.

Based on the evidence I've seen I think it's fair to say the delay caused by NatWest not releasing A's Euro account balance when it should have and continuing to send out statements caused A, inconvenience. And I agree some compensation is appropriate for this. I say this because Miss L had to wait several months for NatWest to release A's funds and spent time away from running her business trying to find out what exactly was happening with A's Euro accounts. And it's only right that NatWest recognises this. I'm satisfied that £400 is a fair amount of compensation and proportionate to the trouble A was caused. In addition, NatWest should also refund A the €31.50 which it deducted when it released A's funds in September 2021.

In summary, I'm sorry that my decision is likely to come as a disappointment to Miss L as she would like NatWest to pay A substantial compensation. But for the reasons I've explained, I'm not going to direct NatWest to do anything further.

### **My final decision**

For the reasons I've given, my final decision is to instruct National Westminster Bank Plc to pay Miss L a total of £400 compensation for the inconvenienced caused and refund €31.50.

Under the rules of the Financial Ombudsman Service, I'm required to ask A to accept or reject my decision before 18 November 2022.

Sharon Kerrison  
**Ombudsman**