

The complaint

Mr C and Mr C complain about National Westminster Bank Plc's actions when closing their account.

What happened

Mr C and Mr C held a joint account with NatWest. In August 2021, NatWest sent a text to confirm that the account could no longer be used, and NatWest were ending the banking facilities. NatWest also sent a 14-day closure letter to the address held on file. However, Mr C and Mr C's account remain blocked – and therefore they weren't able to use it or access the money in it.

While NatWest didn't give Mr C and Mr C a reason for the closure, Mr C assumed it was due to a payment he had made to his son to assist with his daughter-in-law's medical treatment in another country; or a previous disputed transaction.

Following the account closure notice, Mr C continued to receive marketing promotions and literature, despite not being able to use the account. He says he found this distressing and had to borrow money to be able to continue to live.

NatWest confirmed they received the funds release form from Mr C on 11 August 2021. NatWest have a process which states funds can take up to 60 days to be released. The account was closed on 17 September 2021 and Mr C received the money from his account around 22 September 2021.

Our investigator reviewed things and thought overall NatWest were entitled to do what they did. However she didn't think they gave Mr C and Mr C the full 14 days' notice due to the account being blocked, and recognised they caused some delays when releasing the money. Overall, our investigator recommended that NatWest should pay Mr C £200 compensation to recognise the distress and inconvenience the overall situation caused; and thought they should pay 8% simple interest on the funds held due to delays between 7 September 2021 and 22 September 2021.

Mr C remained unhappy and asked an ombudsman to review things. He explained he had to borrow money and felt NatWest had made an unfair decision to close the account.

As an agreement couldn't be reached, the complaint was passed to me to review.

In September 2022, I issued a provisional decision. In it, I said:

Firstly, I hope Mr C and Mr C won't take it as a discourtesy that I've condensed the complaint in the way that I have. Ours is an informal dispute resolution service, and I've concentrated on what I consider to be the crux of the complaint. Although I've read and considered the whole file, I'll keep my comments to what I think is relevant. If I don't comment on any specific point, it's not because I've not considered it but because I don't think I need to comment on it to reach the right outcome.

I would add too that our rules allow us to receive evidence in confidence. We may treat evidence from banks as confidential for a number of reasons – for example, if it contains information about other customers, security information or commercially sensitive information. Some of the information NatWest has provided is information that we considered should be kept confidential. This means I won't be able to share a lot of detail with Mr C and Mr C, but I'd like to reassure them that I have considered everything.

The review and block of the account

NatWest are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. They're also required to carry out ongoing monitoring of new and existing relationships. That sometimes means they need to restrict customers' accounts – either in full or partially – while they carry out their review. Having looked at what's happened, I'm satisfied NatWest was complying with their legal and regulatory obligations when they reviewed Mr C and Mr C's account. So, I can't fairly say they did anything wrong in this regard.

When NatWest finalised their review, and informed Mr C and Mr C that the account would be closed, I would have expected the block to have been removed from the account. As it remained blocked, Mr C and Mr C couldn't use their account, nor access the money in it, which left them in a challenging situation. I haven't seen any evidence to satisfy me that NatWest should have kept the account blocked after they'd made the decision to close it. And therefore, I think the block was unfairly applied after 4 August 2021.

The closure of the account

At times, following a review, banks can sometimes choose to end their relationship with customers. This can be due to a number of reasons and a bank isn't obliged to give a reason to the customer. Just the same as if Mr C and Mr C decided to stop banking with NatWest, they wouldn't have to explain why.

However, NatWest can only close accounts in certain circumstances and if it's in the terms and conditions of the account. NatWest have relied on the terms when closing the account – however I can't reasonably agree they have applied them fairly.

NatWest shared details with our service on why the account was being closed – while I can't share this level of detail with Mr C and Mr C – I would like to reassure them, that the reason NatWest have given seems reasonable based on the circumstances of the complaint. That being said, based on what NatWest has provided, I don't agree a 14-day closure (or in fact, an immediate closure due to the block) is fair. I consider a notice period of 60 days would have been more appropriate; with the two months or so full access being give to allow Mr C and Mr C to manage their finances and arrange alternative banking arrangements.

Marketing material

I've no doubt Mr C continuing to receive emails advising him that his online statements were ready to view and then finding he couldn't access them would have been frustrating. As well as receiving further promotional offers. It appears NatWest made the decision to close the account in early August 2021, so I consider they should have stopped all other marketing and correspondence unless specifically relating to the review, block or closure itself.

Release of funds

NatWest's policy states that funds can take up to 60 days to be released. I note NatWest received the funds release form around 11 August 2021 and Mr C received the money back

around 22 September 2021. Therefore, this is within the 60-day timeframe. However, I've concluded above, that based on the evidence I've received so far, I think the account remained blocked unfairly. And therefore, if the account block had been lifted, Mr C wouldn't have had to wait for access to his funds. Therefore, I don't agree the funds taking this time was reasonable, as I consider Mr C should have had access to them around the same time the decision was made to close the account – which was around 4 August 2021.

Therefore, I consider NatWest should recognise the loss of use of the funds and pay 8% simple interest from the day they made the decision to close the account – up to the date they released them.

The impact

I've no doubt this overall situation had a severe impact on Mr C and Mr C. I'm particularly sorry to hear of the difficulties related to health. I'm also aware Mr C was able to mitigate some of his losses by borrowing money from his employer. I haven't seen any direct financial loss from Mr C so I can't fairly ask NatWest to pay this. However, I do consider the distress and inconvenience caused needs to be recognised.

Having considered everything carefully, I believe a payment of £500 fairly recognises this inconvenience. I appreciate this is considerably less than Mr C has asked for; but it's not in my remit to punish businesses and therefore I have to recommend a reasonable figure based on what has happened and I don't think I can fairly ask NatWest to pay anything more.

So, in summary, I thought NatWest were entitled to review and block Mr C and Mr C's account. However, I didn't think the extension of the block up until the closure date was fair and I think a notice period of at least 60 days would have been more appropriate in the circumstances. I also considered all marketing material should have been stopped.

I suggested NatWest to put things right by:

- Paying 8% simple interest on the amount which was withheld from Mr C and Mr C from the date they made the decision to close the account, up to the date they refunded it.
- Paying Mr C and Mr C a total of £500 compensation for the distress and inconvenience caused.

NatWest responded to my provisional decision and agreed with it. They confirmed that they would need new account details to pay the redress as the NatWest account is no longer open.

Mr C responded and was happy to accept the decision but also wanted NatWest to send full statements for all of the accounts to allow him to see all of the transactions on the account.

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've considered Mr C's additional request for a copy of the full statements of his accounts. I think this is a reasonable request and therefore agree that NatWest should provide these to Mr C. It is important Mr C understands the transactions which have taken place on his account, and I see no reason why NatWest can't share this level of detail with Mr C.

As neither party made any further arguments to my provisional findings, I see no reason to depart from them.

Putting things right

I consider £500 compensation fairly reflects the distress and inconvenience caused. And I think NatWest paying 8% simple interest on the money which was held recognises the loss of use of the funds.

I'm satisfied Mr C and Mr C are entitled to see full statements of the accounts and therefore consider this request to be reasonable.

My final decision

My final decision is that I uphold this complaint. To put things right, National Westminster Bank Plc should:

- Pay 8% simple interest on the amount which was withheld from Mr C and Mr C. They should calculate this from the date they made the decision to close the account, up to the date they refunded it.
- Pay Mr C and Mr C a total of £500 compensation for the distress and inconvenience caused.
- Provide Mr C and Mr C with full statements of the accounts held.

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

Hayley West
Ombudsman