

## The complaint

A company I'll refer to as U complains that National Westminster Bank PLC (NatWest) blocked and closed its account, without warning and without explaining why.

U is represented by its director, Mr T.

## What happened

Mr T says U's account was blocked on 14 September 2020 then closed shortly after, and that NatWest didn't release the funds in the account until 5 January 2021. He said being denied access to the funds in the account damaged his business severely. He said it left him with only a credit card and another account with a modest balance, and that he couldn't pay salaries and couldn't trade. He also said U's account continued to accrue bank charges for services it didn't receive.

NatWest didn't uphold U's complaint, so Mr T came to our service. Our investigator accepted NatWest was entitled to block and close the account, but she didn't think it had acted promptly in releasing the account balance to Mr T. She said it should pay interest at a rate of 8% on the account funds for the period during which she felt it had unfairly retained the funds. And that it should pay U £250 for the inconvenience caused to U as a result of the delays.

Mr T didn't accept our investigator's findings. He said the compensation didn't reflect the impact that the block and account closure had on his business. He asked for an ombudsman to review matters afresh.

On 31 October 2022, I issued a provisional decision. In it, I said:

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

### *Account closure*

*Just as a customer may close an account with a bank, a bank is entitled to close an account with a customer. But when it closes the account, it must do so in a way which complies with the terms and conditions of the account.*

*Having considered the information NatWest has provided, I'm satisfied it acted in accordance with the terms and conditions of U's account when it closed the same. It doesn't have to explain the reasons to U, so I can't say it treated U unfairly by not disclosing the reasons for its decision. I hope Mr T can take some comfort knowing that an independent third party has reviewed NatWest's actions, but I'm afraid I can't reasonably share the results of my investigation with Mr T, save to say that I'm satisfied NatWest acted fairly in all of the circumstances.*

*NatWest has provided our service with a copy of the letter it issued, and I'm satisfied it did write to U with notice that its account would close in 7 days. It might be that Mr T didn't*

*receive the notice, but I'm satisfied NatWest correctly dispatched the letter and I don't hold it responsible for a failure for the letter to be delivered, if that's what happened. And in any event, I'm satisfied that NatWest would have been entitled to close the accounts with no notice, so even if it didn't send a letter, I wouldn't uphold this part of Mr U's complaint.*

*I can see that U took out a Bounceback Loan (BBL) in May 2020. But I'm satisfied NatWest didn't take any action in relation to the BBL that it wouldn't have taken if it hadn't blocked and closed U's account. The BBL repayments are now in arrears, but NatWest has offered U repayment options in line with what I would expect so I'm satisfied it hasn't treated U unfairly in that regard.*

*Mr T also complained that he didn't receive notice that NatWest would be blocking U's account. But, given the nature of the regulations with which NatWest must comply when reviewing accounts, it wouldn't be appropriate to forewarn customers of impending blocks. So, it's not unfair that NatWest didn't warn Mr T. I recognise this impacted his business and I don't dispute that it would have impacted his ability to trade day to day. I've listened to what Mr T has said about the impact the block had on his business, and I understand why he's unhappy with NatWest.*

*But I can't ask NatWest to compensate U for the impact its actions had on U, given I've said I'm satisfied it was acting in accordance with the terms and conditions of the account, as well as in line with its legal and regulatory obligations. Ultimately, NatWest was entitled to take the actions it did so I can't fairly say it did anything wrong.*

#### **Access to funds**

*Before a bank releases funds held in a customer's account, it's entitled to carry out checks to ensure it's complying with its legal and regulatory obligations. And banks will follow their internal procedures before they release funds.*

*Mr T has confirmed he received the correct account balance, but he's not happy at the time it took NatWest to release his money. NatWest has explained why there was a delay in releasing the funds, but I'm not persuaded it couldn't have acted more quickly. It received U's signed funds release form on 12 October 2020 but delayed until 18 December 2020 before releasing the funds. And I haven't seen justification from NatWest that persuades me the delay was reasonable.*

*Because this complaint is brought by U, a limited company, and because the contract was between NatWest and U, not NatWest and Mr T, I can't award compensation for any distress experienced by Mr T. But I can award compensation for the inconvenience U experienced as a result of NatWest's actions.*

*I'm satisfied U experienced inconvenience as a result of the delay, given it was unable to trade normally, and given its director was diverted away from his usual duties. So, I'm minded to tell NatWest to pay £250 in recognition of the inconvenience caused. And 8% simple interest to make up for U being deprived of the use of its funds.*

#### **Charges**

*Mr T did originally complain that NatWest applied charges to his account while it was blocked (i.e. that he was charged for services he didn't receive). NatWest appears to have refunded at least some of the charges, and Mr T told our investigator the charges were no longer in dispute when she contacted him to discuss the point. Given Mr T has asked our service to focus on the other points of his complaint, and not to look into the charges any further, I won't make any findings on this point. But Mr T can make representations in*

*response to this provisional decision if he wishes to change his mind.*

*I understand why Mr T is upset at NatWest's actions and I have sympathy for the position he found himself in. I recognise it impacted his business and it is of course understandable that he wants to know why NatWest did what it did and that he feels he should have been given advanced notice. But for the reasons I've set out above, I can't reasonably say NatWest acted unfairly. It complied with its legal and regulatory obligations, as well as the terms and conditions of the account, so I can't hold it responsible for any losses suffered as a result.*

*With that being said, I do think it should have released the account balance more quickly. And I accept the delay in releasing funds caused inconvenience to U, and deprived it of funds it could have used to carry out business activities. To put matters right, it should compensate U for the inconvenience caused, and for depriving U of access to its money"*

I asked both parties to submit any further evidence or arguments they wish me to consider by 7 November 2022. NatWest didn't have anything to add and Mr T didn't respond.

### **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.

Because neither party made further submissions, I see no reason to change my provisional findings.

### **My final decision**

I'm not persuaded NatWest treated U unfairly by blocking and closing U's account, but I do think it should have released the account balance more quickly.

So, to put things right NatWest must pay U:

1. £250 for the inconvenience it's delay caused U; and
2. Simple interest at a rate of 8% on the account balance from 12 October 2020 to 18 December 2020Your text here

Under the rules of the Financial Ombudsman Service, I'm required to ask U to accept or reject my decision before 9 December 2022.

Alex Brooke-Smith  
**Ombudsman**