

## **The complaint**

Mr C complains that National Westminster Bank Plc told him an incorrect balance on the account when withdrawing funds. This has left him significantly overdrawn and unable to repay the balance.

## **What happened**

Mr C held accounts with NatWest. In May 2021 NatWest received a report that Mr C had received funds that weren't intended for him. They started a review of his accounts and blocked any transactions while they did so.

NatWest asked Mr C to explain four transactions into his account. He said the money had come from his account with a third party bank. He said he had sold a car, and he was looking to invest in cryptocurrency. But he couldn't provide any documentation showing the sale.

To withdraw the remaining funds Mr C went into branch. He says he asked how much was available to withdraw and was told a figure. He then withdrew the balance in three transactions. However, there were pending debit card transactions on the account that weren't accounted for, as well as funds taken and returned to the original sender. This meant Mr C's account was left overdrawn. NatWest took the decision to close Mr C's accounts – giving him 14 days' notice. As the overdraft wasn't repaid it was passed to the collections department and reported as defaulted on his credit file.

NatWest asked Mr C to repay the balance. But he raised a complaint about the account closure, and the overdrawn balance. He said that he had merely withdrawn the funds NatWest told him he could and didn't think he should be held liable for the overdrawn balance. NatWest replied to say they had closed his account in line with the terms and conditions of the account. They said their terms also allowed them to withdraw funds where they believe he wasn't the intended beneficiary. They apologised for the branch not being vigilant and being clear in how much Mr C could withdraw. But they said the amount withdrawn was in Mr C's possession and spent. They apologised but didn't agree to write off the outstanding balance.

Unhappy with this answer Mr C referred his complaint to our service. Before we investigated NatWest made an offer of £100 to settle the complaint, but Mr C declined this.

One of our investigators looked at what happened but didn't think NatWest needed to do anything further. They said based on the evidence available NatWest were complying with their legal and regulatory obligations when they blocked and subsequently closed Mr C's account. They were satisfied NatWest had closed the account in line with the terms of the account. They initially said they felt NatWest had likely given him the correct information about the amount available to withdraw when he visited branch, as they wouldn't have been able to see any pending transactions. They felt the offer of £100 was fair.

Mr C disagreed, saying the investigator had misunderstood the transactions in branch, and what was discussed. The investigator clarified the transactions with NatWest. They then

responded to say they were satisfied that the balance outstanding on the account was correct, and it was owed. They said they didn't disbelieve what Mr C had said about what he was told in branch but felt the £100 offered was fair to reflect any inconvenience caused.

Mr C didn't accept this, and wanted the debt cleared. As no agreement could be reached the complaint has been 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.

NatWest, as a regulated bank in the UK, have important legal and regulatory obligations to meet when providing accounts to customers. This includes a need to monitor the activity on both new and existing accounts. This can mean that they need to ask further questions about certain transactions on accounts, and it may be necessary to restrict accounts while they review the information.

In this case, NatWest received a notification that Mr C may have received funds that weren't meant for him. I'm satisfied this is valid reason to review the account and restrict transactions while they do so. This is in accordance with the obligations placed on banks. I've considered the explanation given by Mr C, and considered the evidence submitted. But I'm not satisfied that he's demonstrated his entitlement to the funds in the account. As such, I don't think it's unreasonable for NatWest to withdraw available funds to return to the original sender.

The terms of Mr C's account outline when they can close accounts. They can close accounts for any reason, so long as they provide 60-days' notice. But there may be some circumstances where an account can be closed without any notice given. In this case NatWest only provided 14-days' notice – although in practice the account had been blocked for over a month before this. And in any case the account remains open as there is a balance outstanding.

I've considered whether this decision to restrict the use of the account was reasonable based on the terms – and overall, I'm satisfied it was. There was a series of payments in, and a credible report that the funds might not belong to Mr C. It's reasonable for NatWest to end their relationship with Mr C.

In terms of what happened in branch, I think it's likely the branch staff did give Mr C the wrong information about what he could withdraw. Although I also accept NatWest's explanation that the branch staff would not have been able to see the pending debit card transactions, or that funds were due to be removed. However, it would have been fairer to him if NatWest could have given him an accurate available balance at the time.

I've reviewed the account statements, and I have noted though that even without the funds being returned to the original sender, the branch withdrawals and debit card transactions would have left Mr C overdrawn anyway. He would have been aware of the debit card transactions. So, I think it likely Mr C would have been overdrawn in any case.

I'm not satisfied Mr C was entitled to these funds – but he has withdrawn them and been able to make use of them. I don't think it's unreasonable for NatWest to ask for them to be repaid, and for them to charge the interest on overdrawn balances laid out in the terms.

Mr C has said he does not expect to be able to repay the balance – but I can see that he first complained about this issue the week after the withdrawals. The amount withdrawn was

more than the outstanding balance, and he's not offered an explanation of why the debt could not have been repaid then.

I accept Mr C's circumstances may have changed since then, but this doesn't change his underlying obligation to repay the debt. As the debt hasn't been repaid, I'm satisfied it's fair for NatWest to record it as defaulted on his credit file. If Mr C can't afford to repay the full amount NatWest are still obliged to treat him positively and sympathetically, and to come to a reasonable arrangement to repay the outstanding balance.

NatWest offered £100 to apologise for the inconvenience caused by not giving him the correct information. Having considered the wider circumstances of the complaint, I feel this is a fair reflection of the impact on Mr C, so I'm not asking NatWest to do anything further.

### **My final decision**

My final decision is that National Westminster Bank Plc must pay Mr C £100 compensation for the inconvenience caused by giving him incorrect information in branch.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 17 March 2023.

Thom Bennett  
**Ombudsman**