

The complaint

Mr and Mrs H are unhappy National Westminster Bank Plc (NatWest) restricted their accounts which meant they couldn't access the funds contained within them. During this time NatWest wouldn't give them any indication as to what was happening and why it had done this.

This decision relates to Mr and Mrs H's joint accounts, but I note that Mr H has been leading the complaint so at times I may refer to him alone during this decision.

What happened

Mr and Mrs H's accounts were blocked on 6 October 2021.

Following the block Mr and Mrs H couldn't access their accounts online and see the balances and transactions on the accounts. When calling NatWest to query what was going on Mr H was told they couldn't discuss the matter with him and he'd need to wait for a call from the central office to find out more. He says he wasn't given a timeframe for this.

Mr H complained on their behalf and NatWest issued a final response on 11 October 2021. In this it confirmed it hadn't made an error in blocking the accounts and it had followed all its internal processes and procedures correctly. It explained it didn't have to share its reasons for blocking the accounts. It told Mr H the block would remain in place for now and it would be in touch in due course but couldn't provide a timescale for this.

The account restriction was lifted on 14 October 2021 and Mr and Mrs H were able to access their accounts and money after this date.

Mr and Mrs H referred their complaint to our service, explaining that the block had left their family destitute with no money to buy food or pay bills as money was stuck in the blocked accounts. When asked about the impact, Mr H explained that they didn't have any substantial losses to recover but was more aggravated by how NatWest could do this to customers and would want to prevent it happening to anyone else.

Our investigator upheld the complaint. She explained that NatWest hadn't provided enough information for her to conclude it had blocked Mr and Mrs H's accounts fairly on this occasion. She recommended it pay Mr and Mrs H £100 in recognition of the impact the block had on them. Despite NatWest not agreeing with the investigator's findings, it agreed to pay the £100. However, Mr and Mrs H remained unhappy. Mr H has said the amount doesn't reflect the stress and damage caused by the block.

Because Mr and Mrs H disagreed, 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 has a wide range of legal and regulatory obligations it must meet when providing account services to its customers. These obligations are ongoing so don't just apply at account opening stage. To comply with these obligations, it may need to review accounts and the activity taking place on them. Sometimes these reviews will lead to the accounts being blocked. If NatWest didn't do this, it could risk serious sanction.

NatWest isn't under any obligation to reveal to a customer why it blocked an account. This information is often commercially sensitive. So, I don't think NatWest did anything wrong in not communicating its reasons for blocking the accounts to Mr and Mrs H at the time of the block, or since.

However, NatWest does need to provide information to this service so we can fairly decide a complaint. NatWest hasn't done so on this occasion, and it means I can't fairly and reasonably conclude it has complied with the legal and regulatory obligations when blocking Mr and Mrs H's accounts.

I've considered what NatWest has said about why it won't provide further information to our service about the reasons for the block on Mr and Mrs H's accounts. This service has the power to request evidence of this nature under the dispute resolution rules (DISP) and I'm not persuaded the reasons given by NatWest exclude it from complying with these rules.

Taking this into account, I agree NatWest should pay Mr and Mrs H compensation for the trouble and upset they faced by having their accounts blocked.

NatWest agreed to pay £100 as recommended by our investigator. Whilst I appreciate Mr and Mrs H think they should receive more; I don't feel this would be warranted in the circumstances. I don't dispute being unable to access their accounts for just over a week would've been distressing, especially as their joint current account was used regularly. But Mr H has said they didn't suffer any substantial losses as a result of the block. Instead, he is frustrated that NatWest would do this to its customers. I therefore feel the £100 is fair and reasonable for the distress and frustration caused.

Putting things right

I direct NatWest to pay Mr and Mrs H £100 for the distress and frustration caused by blocking their accounts.

My final decision

My final decision is that I uphold Mr and Mrs H's complaint against National Westminster Bank Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H and Mrs H to accept or reject my decision before 2 February 2023.

Sarah Brimacombe
Ombudsman