

## The complaint

Mr S complains National Westminster Bank Plc (“NatWest”) closed his accounts with immediate effect and gave no explanation. He adds this has caused him financial loss, adverse impact to his credit rating, and substantive distress and inconvenience – including severe impact to his health.

To put things right, Mr S wants NatWest to pay him around £100,000 compensation.

## What happened

In early September 2021, Mr S received a SMS text message from NatWest saying it had decided it can no longer offer him the facilities he held with it. NatWest’s message also said the facilities were suspended, and he would receive a letter to advise him of this decision and what he needs to do next.

Mr S says he never received a notice of closure – or any other letter from NatWest as promised in the text message.

Mr S then tried to arrange a ‘Current Account Switch Service’ (“CASS”) with another bank. But this was shortly rejected by the other bank as NatWest had declined to accept its CASS request.

Around this time, Mr S was given a funds release form by NatWest to complete and return to it so that he could withdraw the remaining money in his accounts. NatWest say Mr S returned the form the following day – but as he had failed to give his business details, he was sent a letter to complete the form again.

NatWest say it received the recompleted form around two weeks later, on the 24 September 2021, and Mr S withdrew funds from a local branch on 27 October 2021.

Unhappy with NatWest’s actions, Mr S complained. In its response, and in summary, NatWest said:

- Following a review, its decision to close the accounts remains the same
- NatWest will not give an exact reason for why it closed the accounts, but it did so in line with the terms and conditions of the account

NatWest added that the closure letter said all of Mr S’s accounts and facilities will stop which included overdrafts being withdrawn and standing orders and direct debits being cancelled. Mr S also complained that he didn’t receive the closure letter. In a separate response, NatWest said it had identified the closure letter wasn’t sent as it had previously thought. It apologised for any inconvenience caused.

Mr S then referred his complaint to this service. In addition to the above complaint points, Mr S said NatWest’s actions had impacted him in the following ways:

- He had a regular monthly direct debit in place to pay HMRC money that he owed it.

As his account was closed in this way, he couldn't meet the payment that month. HMRC have subsequently rescinded the payment arrangement he had because of this, and he's been asked to pay the full outstanding amount of £25,000

- As he couldn't use the CASS service, he had to set-up new regular direct debits manually. This was time consuming and inconvenient. Because of this, he missed some payments which adversely affected his credit rating
- The funds were not returned to Mr S until a few weeks later, and he had to make multiple visits to the branch and complete a form
- The closure of Mr S' credit card also caused detriment to his credit rating. The impact on Mr S' credit rating affects his ability to get a mortgage
- Mr S has been diagnosed with a serious illness which he says stems from the distress NatWest's actions caused

One of our Investigator's then looked into Mr S' complaint. In summary they found:

- NatWest has provided information to show its reasons for closing Mr S' accounts, and this has been sent to us in confidence. NatWest didn't act unreasonably, and did so based on the obligation placed on it, when closing Mr S' accounts
- NatWest can call in debts owed to it when closing accounts in this way
- Having checked NatWest's records, they could not be certain Mr S was sent an account closure notice letter. As NatWest didn't send the letter, this was poor customer service
- NatWest's text message says he won't be provided a reason for the account closures. The template closure letter NatWest has provided shows the only additional information given was that any existing borrowing would need to be paid. It's reasonable to say Mr S would have been aware he would need to repay any debts owed
- As Mr S' accounts were closed immediately, NatWest's processes don't allow for a CASS to take place. But this should've been explained to Mr S – and as it wasn't it led to him trying a CASS with another bank unsuccessfully. This is poor customer service as it led to loss of expectation
- But NatWest isn't liable for Mr S having to move his direct debits across manually. That's because NatWest acted fairly when closing his accounts immediately. And as Mr S knew he couldn't do a CASS as early as 8 September 2021, our Investigator was satisfied he knew he had to take alternative steps urgently
- Mr S hasn't given any information which shows his credit rating was adversely impacted until then
- Our Investigator hadn't seen strong enough evidence to show NatWest's actions led to HMRC voiding its payment plan with Mr S. But as NatWest acted fairly when closing Mr S' accounts, HMRC's decision isn't due to actions it took. So NatWest doesn't have to pay Mr S £25,000
- Mr S had minimal funds in his accounts when they were closed. It's unclear why Mr S made a payment into his account when it was being closed. Mr S had to recomplete

his funds release form, and his funds were made available three days after this by NatWest. But there's no evidence to show he was clearly told he could access his balance. Had this been done, it's likely he would've been able to access his funds sooner

- Our Investigator was unable to get evidence to show Mr S visited a branch on multiple occasions.
- NatWest should pay Mr S £150 for the poor customer service and administration issues. This takes into account the nominal funds Mr S was likely deprived of for a short while

NatWest agreed with what our Investigator said. But Mr S did not and didn't think the review was independent.

This complaint has now 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.

Having done so, I've decided to uphold this complaint in part. I know my decision is likely to disappoint Mr S – so I'll explain why.

But before I do that, I would add 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 security information, or commercially sensitive information. Some of the information NatWest has provided is information we consider should be kept confidential.

#### *Account review and closure*

Banks, like NatWest, in the UK are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. They are also required to carry out ongoing monitoring of an existing business relationship. That sometimes means banks need to restrict, or in some cases go as far as closing, customers' accounts.

Having looked at the information NatWest have given me for initially carrying out a review of Mr S' accounts, I'm satisfied it acted in line with the rules and regulations it must follow. So I don't think it did anything wrong when deciding to do this.

NatWest is entitled to close an account just as a customer may close an account with it. But before NatWest closes an account or accounts, it must do so in a way, which complies with the terms and conditions of the account.

The terms and conditions of the account, which NatWest and Mr S had to comply with, say it could close the account by giving him at least 60 days' notice. And in certain circumstances it can close an account immediately or with less notice.

Having looked at the information given to me by NatWest, I'm satisfied it was entitled to close the accounts in the way that it has done. I note NatWest sign posted Mr S to the relevant terms of the account in its final response letter. I'm satisfied NatWest applied these terms fairly.

Mr S would like to know the specific reason why NatWest closed his accounts. But as I've

said above, this is information I consider should be kept confidential. I'd also add that I'm aware of no obligation under which either NatWest, or I, are under to disclose this.

#### *Closure notice and what Mr S says he was told about this*

I've seen the text message Mr S was sent by NatWest which explained it couldn't offer him his account facilities anymore. It also said NatWest was unable to discuss the rationale behind this decision in branch or over the phone.

Mr S says he was told he would get the reason for the account closures in the notice to close letter – which he says he didn't receive.

I've not been able to listen to any call in which this might have been said to him. Where evidence isn't available, or is inconclusive, I can make my decision on what I think is most likely to have happened – the balance of probabilities.

Given what the text message says about this, and given the concerns NatWest had, I think it very unlikely Mr S was told he would be given the reason for NatWest's actions.

In one of its complaint responses NatWest say it didn't send Mr S a notice of closure letter – and apologised for this. In its submissions to this service, NatWest say the letter was sent and have sent a template of what would've been sent to Mr S.

Having carefully considered this, I'm not persuaded a letter was likely sent. That's because I haven't seen evidence enough to show a letter like this was dispatched to Mr S. The contradictory positions from NatWest on this point, as I've set out above, don't do anything to persuade me either that one was sent.

So I think NatWest have failed to communicate and properly inform Mr S here – this of course is poor customer service.

#### *CASS and Direct debits*

I haven't seen anything which shows Mr S was told he wouldn't be able to use the account switching service. NatWest should therefore have done more to inform Mr S about this. Mr S had many direct debit payments, so I can see why this service would've been more than useful for him. It follows that NatWest's lack of communication here has led to loss of expectation.

Having said that, in my experience, it's not uncommon for banks to not offer the CASS process when an account is closed with immediate effect.

Mr S says having to reset direct debits manually with his new bank caused him inconvenience and led to him missing some payments on time which affected his credit rating adversely.

I don't think NatWest did anything wrong by rejecting the request from Mr S' new bank to carry out a CASS. And I can see Mr S was quickly informed about this the following day the request was made to NatWest by his new bank. He was informed about this on 8 September 2021, the day after the request was made.

Given Mr S was told his accounts were being closed in early September, and he knew he couldn't use the CASS process by 8 September 2021, I do question why he says his credit file has been adversely affected. I say that because Mr S had the whole month to make the payments and set-up new instructions with his new bank. Banks normally report a missed

payment after the month has finished and the payment is still outstanding in the following month.

So I think its most likely Mr S had enough time to resolve this matter before his credit file was at risk of being impacted.

In any event, like I've said, NatWest acted in line with its obligations when deciding to close Mr S' accounts. So even if Mr S has suffered some detriment to his credit rating, it wasn't because of something NatWest did wrong.

I should add here that Mr S hasn't sent any compelling evidence to show his credit was adversely affected in the way he says. So, taken together, I'm satisfied NatWest hasn't done anything wrong, nor made a mistake which affected Mr S in this way.

#### *HMRC's payment arrangement*

Mr S says his account being closed led to his regular payment to the HMRC failing in September 2021. Having looked at the account statement I can see a direct debit payment to HMRC was made on the 1 September 2021 – a couple of days before NatWest decided to close the account.

Because of this I'm finding it difficult to understand why Mr S couldn't reinstate a payment with HMRC the following month with his new bank given he knew he had to do it manually around the 8 September 2021.

Mr S also hasn't sent in any compelling evidence to show he missed this payment because of what NatWest did, nor that he was refused the opportunity to keep whatever payment arrangement he had with HMRC.

Notwithstanding this, and as I've already said, NatWest haven't done anything improper when deciding to close Mr S' account immediately. So I don't think it needs to pay Mr S £25,000 he says he had to pay in whole to HMRC.

#### *Unable to access funds*

I haven't seen a copy of the funds release form Mr S initially completed and was told to recomplete because it didn't have his business details on there. So I can't say he was aware that this missing information needed to be completed. I note that once it was completed in the way NatWest wanted, the funds were released to Mr S three days later.

On balance and given some of the other poor customer service and communication issues I've seen on NatWest's part, I think its likely Mr S wasn't properly informed of what he needed to do to access his funds. So it's likely a delay of around a couple of weeks prevented Mr S from withdrawing around £300 from his accounts.

Mr S has also said that NatWest's actions have led to him contracting a serious health condition. This is quite far removed from NatWest's actions – which I've said were not wrong. Nor have I seen any evidence, let alone strong evidence, that is what caused the condition. But as NatWest did nothing wrong in closing the accounts, I'm satisfied it isn't responsible for any impact to Mr S' health.

Lastly, and for the sake of completeness, I have carried out my review and decision independently – having looked at all the evidence, and arguments, afresh. My role in deciding complaints is set out in the FCA's handbook under the DISP rules.

This is available on the Financial Conduct Authority's website.

### **Putting things right**

I've explained above why NatWest failed to communicate adequately and thereby failed in providing a competent level of customer service to Mr S.

To summarise, this was due to not showing a closure letter was sent, not likely explaining CASS wasn't available and causing some delay in the funds being released.

Because of this, and the impact these actions had on Mr S in terms of distress and inconvenience caused, I'm satisfied £150 is fair compensation. That's because there have been repeated errors requiring a reasonable effort for Mr S to sort out over a few weeks. This award also considers the nominal loss Mr S suffered by being deprived of his funds for around two weeks.

### **My final decision**

For the reasons above, I have decided to uphold this complaint in part. I now direct National Westminster Bank Plc to put things right as above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 29 March 2023.

Ketan Nagla

**Ombudsman**