

## **The complaint**

S complains about National Westminster Bank Plc's decision to close its accounts.

## **What happened**

S opened a business account with NatWest in June 2021. The day after, NatWest informed S it was closing its accounts with immediate notice.

S wanted to know why. NatWest confirmed that all new accounts were subject to further checks and as a result of those checks, they'd made the decision to end their banking relationship with S. NatWest confirmed they're not obliged to provide any details to S.

S brought the complaint to our service. S's director explained, on S's behalf, that he believes NatWest closed S's accounts due to a judicial error made against him previously. S's director provided evidence to show he had no criminal records against him, nor any pending charges. He said NatWest closing S's account caused a lot of distress and he wasn't able to run the business in the way he wanted to.

While the complaint was waiting to be allocated, NatWest made a proactive offer of £100 to resolve things. S didn't accept it.

Our adjudicator reviewed things and thought NatWest's offer of £100 was fair in the circumstances. He explained NatWest were entitled to close the accounts but felt they should have given S 60 days' notice instead of closing it immediately. Our adjudicator recognised there hadn't been any activity on either of the accounts and hadn't seen any evidence of financial loss to S. So, he didn't think NatWest's offer needed to be increased.

S disagreed. S's director sent evidence of a contract which he says S lost out on through not having a bank account. Our adjudicator confirmed that he hadn't seen any reason why S couldn't have opened an alternative account to continue with his business and therefore couldn't reasonably ask NatWest to compensate S for this potential loss.

S remained unhappy. As an agreement couldn't be reached, the complaint has been passed to me.

## **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 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. Having looked at what's happened, I'm satisfied NatWest was complying with their legal and regulatory obligations when they reviewed S's account. So, I can't fairly say they've done anything wrong.

At times, following a review, banks 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 S decided to stop banking with NatWest, it 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 and conditions when closing S's account. The terms explain that the bank can close the account immediately – or give notice of around 60 days. I've considered the full circumstances of this complaint and I agree a notice period of 60 days would have been more appropriate than an immediate closure. I say that because I haven't seen any substantial evidence to show why an immediate closure was necessary in the circumstances of this complaint. I think the two months would have also given S sufficient time to make alternative banking arrangements and would have prevented any impact on its business.

### **Putting things right**

I've thought carefully about the impact NatWest's actions had on S. I recognise the accounts hadn't had any activity carried out on them – but I do recognise S says it lost out on a contract because it didn't have a bank account. I don't doubt NatWest closing the accounts the day after they agreed to open would have had a detrimental effect on S and any potential business. But I haven't seen enough to satisfy me that I can fairly hold NatWest responsible for the loss of a contract. Like our adjudicator, I think S could have mitigated its losses by opening another account to allow its business to continue to operate.

I appreciate S's director wants NatWest to confirm the real reason for the closure – but I've explained above why they're not obliged to do that.

Overall, considering the full circumstances of this complaint, I consider NatWest's offer of £100 fairly reflects the inconvenience caused to S by its accounts being closed immediately. And therefore, I won't be asking them to pay anything more.

### **My final decision**

My final decision is that I uphold this complaint.

To put things right, National Westminster Bank Plc should pay S £100 compensation for the distress and inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask S to accept or reject my decision before 24 February 2023.

Hayley West  
**Ombudsman**