

The complaint

Mr S complains that National Westminster Bank Plc (“NatWest”) deactivated online banking for his personal bank account and that there were then significant difficulties in him regaining access.

What happened

Mr S held accounts with NatWest in both a personal capacity and as director of his business, a limited company. In March 2020 Mr S switched one of the business accounts away from NatWest. But he still held a reserve account in his business’ name and a personal current account with NatWest.

In September 2021 NatWest decided it wanted to close the business reserve account. It wrote to Mr S to tell him what it would be doing. As part of this closure process NatWest deactivated Mr S’ online banking, this meant he could no longer view his personal bank account online.

Mr S contacted NatWest to complain, and NatWest sent codes to allow him to reactivate his online banking. But Mr S says there have been considerable issues with this process and he was only able to regain access to online banking in late 2022.

One of our Investigators looked at what had happened. They felt that NatWest could have more clearly explained the impact of the business account being closed on Mr S’s online banking for his personal account. They also felt there was evidence to suggest that the first reactivation code wasn’t sent correctly. So they recommended that NatWest pay Mr S £100 to recognise the impact of what had happened. Overall though, they felt that not all of the issues with Mr S regaining access to online banking had been NatWest’s fault.

Mr S disagreed, he felt further compensation was warranted given the impact on him. NatWest also disagreed, it was only willing to offer £50 compensation as it felt it had been clear about the online banking being deactivated. 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.

Having done so I’ve reached the same conclusions as our investigator and for largely the same reasons.

In September 2021 NatWest decided it wished to close the reserve account held by Mr S’ business. It wrote to Mr S to tell him what would be happening – at the registered address for Mr S limited company – and in that letter it stated that online banking and the mobile application would be terminated. NatWest says it should have been clear to Mr S from this letter that he would be unable to view his personal account through online banking when the business account had closed.

I don't agree, this letter was addressed to Mr S, but in his capacity as director of his limited company, and it referred specifically to the limited company's account number. I can understand why, having read this letter, Mr S might not immediately assume this meant he would no longer be able to use online banking to view and manage his personal account rather than meaning, for example, that the business account would disappear from online banking.

On 10 January 2022 NatWest sent Mr S an activation code to enable him to re-register online banking, this was done automatically as part of the process of closing the business account. He called NatWest on 14 January 2022 to try to regain access to his online banking. During this conversation NatWest confirmed the recent payments out of the account and the balance and explained that the online banking had been deactivated because of the closure of the business account. NatWest also explained that when Mr S received the activation code he would need to use it to re-register for online banking. During this call Mr S raised a complaint about what had happened.

NatWest looked into Mr S' complaint, noted that the previous activation code hadn't been used, and so concluded it may not have been sent correctly. So on 19 January 2022 NatWest sent a new activation code. NatWest says this code was also not used to try and regain access to online banking. Mr S says he was unable to reactivate his online banking using the information he had, he was eventually able to gain access in October 2022.

I've looked at all the evidence Mr S has provided about his attempts to reactivate his online banking, and have listened to recordings of the conversations he had with NatWest, and I can understand how frustrating this all must have been for him. But having also taken account of NatWest's comments, I don't think I can say that all of the issues Mr S had are NatWest's fault. Mr S provided screen recordings of the errors he got when trying to reregister, but NatWest has said it has been unable to recreate that error, so it's not clear why that process wasn't working as it should. Mr S also says that his customer number changed and that was why he was initially unable to re-register, but NatWest says the customer number didn't change, and that it just reconfirmed his existing customer number to him, and I've not seen evidence to show that Mr S customer number was changed at any stage.

Overall, I'm satisfied that NatWest did what it could to help Mr S gain access. I do acknowledge that there were some errors by NatWest here – namely that it didn't make clear the online banking for Mr S' personal account would be affected and that it may not have correctly sent the first reactivation code – but I'm satisfied that the award recommended by our investigator of £100 is reasonable to recognise the impact of that.

It may be helpful to explain that the purpose of an award for distress and inconvenience is to recognise the impact that errors have had on consumers. It is not a punitive power to exercise against financial businesses – so the award isn't increased for example if multiple errors are made.

Mr S explained to NatWest that this account was largely used for payments relating to a hobby, and I can see that there were no direct debits or other regular payments other than two regular standing orders which appear to be to accounts in Mr S' name. This account doesn't appear to have received regular income and was used for occasional spending but not for regular bills. So the impact of being unable to use online banking here isn't the same as it would be, for example, if this had been Mr S' main bank account that he used for bills and day to day spending. And Mr S could have cancelled the standing orders and arranged a transfer of the balance out of the account over the phone if he needed access to the

money. Not being able to use online banking is undoubtedly frustrating, but it is not the only way to manage an account.

I note that this account did subsequently go overdrawn and that charges were applied, but NatWest has refunded those and Mr S has not asked us to consider those charges any further.

So with all this in mind, while I agree that Mr S was caused some level of frustration and inconvenience here, I'm satisfied that the recommended award of £100 is a reasonable way to resolve this complaint.

Putting things right

To resolve this complaint NatWest should pay Mr S £100.

My final decision

I uphold this complaint. National Westminster Bank Plc should put things right in the way I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 30 March 2023.

Sophie Mitchell
Ombudsman