

The complaint

Mrs T complains that National Westminster Bank Plc (“NatWest”) allowed her ex-partner to close a frozen joint current account. This caused a great deal of stress and anxiety and resulted in a declined travel insurance claim.

What happened

As I said in the provisional decision the background is known to both parties, so I won’t go into detail here. In summary though, Mrs T’s ex-partner was allowed to pay money into a frozen current account and to close it.

Mrs T complained about this and NatWest credited her £500 compensation as it accepts that it should not have let the account be closed. Around the time of NatWest’s first response to the complaint, Mrs T travelled abroad and had her bag stolen. When she attempted to claim under her travel insurance policy, she found out that she had no cover in place because the travel insurance was linked to the current account, and so had been cancelled when the account was closed.

Mrs T therefore requested that NatWest increase the compensation to reflect the loss that this matter caused her. One of our adjudicators has already looked into this matter and they decided that what NatWest had agreed to do was enough.

I issued a provisional decision on 2 May 2023, in which I said the following;

“I’ve considered all the available evidence and arguments to decide what’s fair and reasonable in the circumstances of this complaint.

Both parties have agreed that NatWest should not have closed the account in question and therefore I only need to decide if what NatWest has done is reasonable, given the overall circumstances of this complaint.

I understand how distressing it must have been for Mrs T to find out that her ex-partner had been allowed access an account that was frozen. But I don’t think that this closure in itself caused an actual financial loss. On the contrary, it seems that the account was over its overdraft limit and was accruing debit interest on a monthly basis - which both parties would have been jointly and severally liable to repay. So I can’t say the allowing the closure caused an actual loss.

I note Mrs T’s comments that she was intending to use the joint account as part of a negotiation to obtain belongings from her ex-partner. This would ultimately be something between Mrs T and her ex-partner and not something that I can reasonably hold NatWest liable for.

So overall I currently think that the £500 already paid for this aspect of Mrs T’s complaint is reasonable. In relation to the travel insurance claim, the key thing for me to consider is whether NatWest did enough to make Mrs T aware that the account being closed would result in her not being covered under the travel insurance policy.

In this instance the account was closed in an unusual manner and given this, I would expect NatWest to explicitly point out to Mrs T that she was no longer covered under the insurance policies that the account came with. This is especially the case because Mrs T was complaining about the account being closed at the time, so I think that there should have been some communication during the complaint process that set out the ramifications of the account being closed.

I note that NatWest may argue that it was clear in correspondence sent out about the account in the past that highlighted that the travel insurance was linked to the account in question and I accept that this was the case. That said though, given the circumstances surrounding the account closure I think that NatWest needed to do more to make it clear to Mrs T that she was no longer covered.

If NatWest had pointed this out, I am satisfied, albeit on balance, that Mrs T would have taken out separate travel insurance and therefore, without there being anything to suggest otherwise, her claim would have been covered.

Mrs T says she lost £650 in cash and had to pay for an emergency travel document which cost £109.54. The policy had a £75 excess and only covered £500 in lost cash and Mrs T would have needed to have paid for a standalone policy. So I currently think that it would be reasonable for NatWest to pay Mrs T £500, in addition to the £500 it has already agreed to pay Mrs T, which roughly represents £609.54 minus a £75 excess and minus around £35 for a standalone travel insurance policy.

My provisional decision

My provisional decision is that I currently think that National Westminster Bank Plc ("NatWest") should pay Mrs T an additional £500, to reflect the uninsured loss that Mrs T experienced due to her not being informed that her travel insurance cover had been cancelled."

In response to my decision NatWest asked me to consider whether Mrs T could provide enough evidence to support an insurance claim, specifically whether she had got a police report and whether she could provide evidence of ownership in relation to the bag, and cash lost.

Mrs T raised a number of points. In relation to the cash that was lost, Mrs T explained that it was not withdrawn as a lump sum from a bank account rather, it was cash that she had saved up over time, the specific details of how and why I will not list here due to wanting to keep this decision anonymous.

Mrs T has also reiterated the distress and anxiety this whole process has caused her and has asked what steps this service is going to take to ensure that this matter does not happen again.

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.

In relation to NatWest's points, I am satisfied, albeit on balance, that Mrs T would have been able to provide a police report had she been covered by the travel insurance. I do not think that whether Mrs T actually got a report at the time is relevant because, by that point, she was aware that she did not have insurance so I can't see why she would have gone to the trouble of getting a police report without needing one for an insurance claim.

I note NatWest's point about Mrs T being able to prove that she held the cash in question. I am satisfied with Mrs T's explanation, though I will not go into a detailed explanation of what exactly she has said given the need to keep this decision anonymous. Mrs T has provided a plausible and persuasive explanation of how she received and saved this cash over time. So overall I am satisfied that it is more likely than not that had Mrs T had travel insurance she would have been able to provide sufficient proof to allow her to claim successfully. I therefore think that NatWest caused Mrs T a loss by not sufficiently highlighting that Mrs T's travel insurance had been cancelled and that had this been highlighted. I think she likely would have taken out alternative cover and been able to make a successful claim.

Regarding Mrs T's points, I would like to assure her that I have carefully considered everything that she has said, including her latest submissions. That said though, I remain of the opinion that the £500 already paid to her is reasonable given everything that she has said for the same reasons I gave in my provisional decision.

In relation to the steps being taken to prevent this from happening to another person, I should explain that this service is not the regulator of the financial services industry, that role falls to the Financial Conduct Authority ("FCA"). We are an informal dispute resolution service that resolves individual complaints. So we are unable to tell a business to change the way it operates or indeed to punish or fine a firm.

Overall and having re-considered everything, for all the reasons above, I remain of the opinion that NatWest should pay a further £500 compensation to Mrs T, as outlined in my provisional decision.

My final decision

My decision is that National Westminster Bank Plc ("NatWest") should pay Mrs T an additional £500, to reflect the uninsured loss that Mrs T experienced due to her not being informed that her travel insurance cover had been cancelled.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs T to accept or reject my decision before 29 August 2023.

Charlie Newton
Ombudsman