

The complaint

Miss M is unhappy that National Westminster Bank Plc (“NatWest”) made the decision to close her accounts because she resides overseas.

What happened

Miss M is a UK resident who works overseas for a UK company and who returns to the UK on a regular basis to maintain her UK resident status.

Miss M spoke with NatWest because she needed to receive new debit cards. The staff member she spoke with suggested that, rather than having the new cards sent to her UK address to be forwarded to her, it would be easier for Miss M to update her address with NatWest to her overseas address so that the new debit cards could be sent to her directly.

Miss M updated her address with NatWest as suggested, but shortly afterwards she received notice from NatWest that they would be closing her account in 180 days because she lived overseas. Miss M wasn’t happy about this, so she raised a complaint.

NatWest looked at Miss M’s complaint. They noted that the terms of their account allowed them to close an account with the provision of notice as they were doing, and they explained that they’d taken the commercial decision to no longer offer banking services to many customers who are based outside the UK. Miss M wasn’t satisfied with NatWest’s response, so she referred her complaint to this service.

One of our investigators looked at this complaint. But they didn’t feel that NatWest had acted unfairly in how they’d managed the situation, and so they didn’t uphold the complaint. Miss M remained dissatisfied, so the matter was escalated to an ombudsman for a final decision.

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.

I issued a provisional decision on this complaint on 8 February 2023 as follows:

In much the same way as a person can choose whether they will apply to or continue to hold an account with a particular bank, so a bank is entitled to choose whether it will offer, or continue to offer, its services to any particular customer.

This point is covered in NatWest’s terms and conditions, which confirm that NatWest are entitled to close an account after providing notice of their intention to do so to their customer. This is as per section 12.2 of NatWest’s terms and conditions, as follows:

“We can also close any other account by giving you at least 60 days’ notice. We will explain our reasons for closing your account unless there’s a legal or security reason which means we can’t provide any explanation.”

But it doesn't necessarily follow that because the closure of Miss M's account is permitted by the terms and conditions of that account, that NatWest have applied those terms, and taken the decision to close Miss M's account, fairly or reasonably in this instance.

Indeed, given that NatWest only provided notice to Miss M that they would be closing her account following her updating her address with them from her UK address to her overseas address, and given that Miss M remains a UK resident – albeit one that works overseas – I don't feel that NatWest have made a fair decision to close Miss M's account.

My provisional instructions here will therefore include that NatWest must revert the address they hold for Miss M back to the UK address they held for her previously – which I note that Miss M has been asking NatWest to do since she first contacted them about this issue.

This would invalidate NatWest's present reasoning for wanting to close Miss M's account. And while I accept that NatWest would retain the right to close Miss M's account moving forwards, I'm satisfied that they would need to provide an updated fair explanation to Miss M of their reason to want to her account with them, as per NatWest's terms as quoted above.

Additionally, given that I feel that this issue could and should have been quickly resolved by reverting Miss M's address back to the previous UK address when she first approached NatWest about this, my provisional instructions also include that NatWest must make a payment of £250 to Miss M as compensation for the trouble and upset that I'm satisfied Miss M has unnecessarily incurred because of NatWest's actions and inactions here.

Both Miss M and NatWest have confirmed that they're happy to accept the outcome described in my provisional decision. As such, I see no reason not to issue a final decision upholding this complaint on the basis described above, and I therefore confirm that I do uphold this complaint on that basis accordingly.

Putting things right

NatWest must revert the address they hold for Miss M back to the UK address they held for her previously.

This will invalidate NatWest's present reasoning for wanting to close Miss M's account. If NatWest continue to want to close Miss M's account, they must provide new notice to Miss M of their intention to do so, in line with their terms.

NatWest must make a payment of £250 to Miss M as compensation for the trouble and upset she's incurred here.

My final decision

My final decision is that I uphold this complaint against National Westminster Bank Plc on the basis explained above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 4 April 2023.

Paul Cooper
Ombudsman