

The complaint

Company R ("R") complains National Westminster Bank Plc ("NatWest") cancelled its business debit card without explanation and refuse to provide it with a new one.

R says this has caused it substantive distress and inconvenience.

What happened

In August 2022, whilst abroad, R's director says the debit card for its account stopped working. R's director says this caused him significant distress and inconvenience as they couldn't make payments. When they returned to the UK, the director says he was told there were no markers on his account and he should apply for another card, but this was declined.

Unhappy R complained. NatWest didn't uphold R's complaint and said it wouldn't issue a new card as the decision was made in line with the terms and conditions of the account. R was able to access its banking facilities in branch and use online banking. R says it needed the card to make payments to its clients.

Around November 2022, NatWest corresponded with R and asked it to provide information relating to its business activities. One of our Investigator's then looked into R's complaint. In summary they found:

- NatWest hasn't provided enough information to show it limited the use of R's account fairly when it cancelled the debit card
- Given the impact this has had on R, NatWest should pay it £50 for the inconvenience caused

R then complained about NatWest's decision to close its account after serving 60 days' notice. Our Investigator explained that this is a new complaint, and NatWest will need to look into first.

R did not agree that £50 was fair compensation as its director was left abroad without the use of the card, and the matter wasn't resolved for some time.

As R didn't agree, its complaint has now been passed to me to decide. To be clear, I am only considering NatWest's actions of stopping the use of the debit card in my 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.

Having done so, I've decided to uphold this complaint. I'll explain why.

Banks in the UK, like NatWest 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 its customers' accounts.

NatWest decided to stop R using its debit card facility, but it is under no obligation that I'm aware of to explain this to R. But it should explain and provide information to this service to show why it took such an action so we can determine it has acted in line with its obligations and has done so fairly and reasonably.

In its submissions NatWest points to section 5.3 of the account terms headed 'Limiting the use of your account or our services'. The section then lists several reasons when NatWest may restrict R's account services. However NatWest hasn't given me enough information to show why exactly it had taken the decision to block the use of the card. For me to find that it applied its terms fairly, I would need to see why it took this action, and that it was fair and reasonable. Unfortunately, despite attempts by our Investigator, NatWest hasn't done so.

So because that I find that NatWest didn't apply its terms fairly, and so shouldn't have blocked R's use of its card.

R is a limited company, so given it's a separate legal entity to that of its director, I can only consider the inconvenience it suffered. After all, a company can does not suffer emotion – in this case distress or anxiety.

R's director says he couldn't make payments when abroad for the business as its clients required a card payment. But I note R did have access to online banking and, when back in the UK, NatWest's branches. So I think this mitigates strongly against the inconvenience R suffered. I also note that R was able to make its regular payments such as standing orders and direct debits.

R says it had to move money to the accounts of friends and family to facilitate payments. But I think this also, and probably significantly, had to do with issues the director was having with his personal accounts. So I can't put too much weight on this either.

So because of this I'm satisfied £50 is fair compensation for the inconvenience R suffered.

My final decision

For the reasons above, I uphold this complaint. National Westminster Bank Plc must now pay R £50 compensation for the inconvenience it caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask R to accept or reject my decision before 16 October 2023.

Ketan Nagla
Ombudsman