

The complaint

Mr C complains that National Westminster Bank Plc (NatWest) blocked her account without explaining why, and then subsequently closed it. She'd like to be compensated.

What happened

Ms C held an account with NatWest. In November 2022 the bank began an internal review, and placed blocks on her account. She discovered this when she couldn't withdraw money. She complained to the bank, explaining she was a vulnerable individual who needed access to her funds. NatWest responded to say they were sorry the block had left her in a great deal of distress, but they had acted in line with their terms and conditions. They didn't see a bank error.

Unhappy with this Ms C referred her complaint to our service. NatWest then wrote to her to let her know that they would be closing her account in 60 days. One of our investigators looked into what happened, and discovered Ms C's account had been unblocked already, but she hadn't been informed of this.

The investigator thought the complaint should succeed in part. She said that she was satisfied that the original blocking of the account was in line with NatWest's legal and regulatory obligations. She was also satisfied that NatWest had closed Ms C's account fairly. But she felt NatWest should have been clearer to Ms C about when her account was unblocked, as she didn't know she had access to her funds. The investigator also thought NatWest should have allowed Ms C access to her benefits. She recommended the bank pay Ms C £175 in recognition of the distress this would have caused.

NatWest agreed, but Ms C didn't. She raised concerns about how she was treated in branch when trying to withdraw funds. The investigator reassessed her opinion, and asked NatWest to pay £225, which the bank agreed to. But Ms C still didn't think this was fair compensation. 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.

It's right to say that NatWest have certain legal and regulatory obligations to meet when providing accounts. This can mean on occasion they need to carry out a review of the activity on an account and prevent further transactions while they do this. NatWest aren't under any obligation to explain the reason for the review and have declined to do so here. I can't say they've done anything wrong by this. But I would expect them to carry out any review quickly, and in a reasonable timeframe.

In this case I can see NatWest began their review on 9 November 2022, and it was completed by 22 November 2022. I don't see this as an unreasonably long time for the review to be carried out. The blocks on Ms C's account were removed after this – but crucially they don't seem to have informed Ms C of this fact. The response to her complaint

sent on 30 November suggests the account is still frozen, and the account closure notice sent on 6 December doesn't clarify that the account can still be used.

I can see that regular payments from Ms C's account couldn't be made while it was blocked – but as I consider the block to be fair, I'm not going to ask NatWest to compensate for the inconvenience of these missed payments. Likewise, I wouldn't ask them to make up for any inbound payments which were returned to source during the block.

The terms of Ms C's account state that NatWest can close an account for any valid reason – so long as they give the required notice of two months. This is in line with the regulations for payment accounts, as well as common industry practice. Generally, this is to allow consumers time to move their money and regular payments elsewhere. I'm satisfied that NatWest gave the correct notice to Ms C about the decision to close her accounts. Similarly to the account review, the bank aren't required to give Ms C specific reasons for the account closure. But here I'm satisfied this was a legitimate commercial decision by NatWest. I can appreciate why Ms C would be disappointed that her account was closed, but NatWest haven't been unfair in making this decision.

But I can see there were failings on the part of NatWest – such as not letting her know her account was available to be used, and for not allowing her to withdraw her benefits. I can see how these would have inconvenienced Ms C and caused her unnecessary frustration. I've considered what Ms C has said about the service she received in branch. The recollection of the branch staff when looking to withdraw funds and having to leave empty handed. The recollection provided by branch staff is different from what Ms C has told us. I'm not going to know for certain what happened in branch that day, but I accept Ms C didn't get access to her funds when she should have. I've taken this into account when considering the overall service from NatWest.

It's right that NatWest pay Ms C a degree of compensation for the frustration and upset caused. I'm satisfied that £225 is a fair reflection of the impact on Ms C.

My final decision

My final decision is that National Westminster Bank Plc must pay Ms C £225 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms C to accept or reject my decision before 10 July 2023.

Thom Bennett
Ombudsman