

## **The complaint**

Mr H complains that National Westminster Bank Plc has blocked and closed his bank account without telling him why. It has also not returned the funds held in the account.

## **What happened**

Mr H had an account with NatWest. He says that it was opened in around 2017 (when he was still a minor) and that a family member had paid funds into it from time to time. He intended to invest those funds in the future, although he believes he used the account to make some purchases as well.

In or around October 2020 NatWest blocked and closed the account. It did not give any notice to Mr H and did not give any reasons for its actions.

When Mr H complained about the bank's actions, it said that its decision remained the same. It gave no reason for that decision, other than to refer to the account terms. It said too that it was unable to release the funds in the account but that it should have an answer on that issue within 60 days – which meant by early January 2022.

Mr H referred the matter to this service. He confirmed that he had not received the funds, and that remains the position.

One of our investigators considered what had happened. He noted that banks can decide who they want as a customer and that they may sometimes need to carry out account reviews. When they do so, they may need to restrict an account.

The investigator noted too, however, that NatWest had provided no information to this service about Mr H's complaint. There was no explanation for its decision not to return funds to him. The investigator recommended that it do so and that it pay 8% interest on the account balance from the date it was blocked until payment. He also recommended that NatWest pay Mr H a further £100 in recognition of the inconvenience caused.

NatWest did not respond, so the case has been passed to me.

## **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 have reached the same conclusions as the investigator, for broadly the same reasons.

I'll consider first the decision to block and then close the account. As the investigator said, it is generally for banks to decide whether to provide – or continue to provide – banking services to any particular customer. We won't usually interfere with a bank's commercial discretion in such matters, as long as it is exercised legitimately. I am satisfied that it was here – NatWest was within its rights to close the account.

Usually, a bank should give reasonable notice before closure. For a personal account, that usually means 60 days, and that was the time given in the bank's account terms. In some circumstances, however, a shorter notice period (or none at all) might be appropriate. NatWest referred Mr H to those circumstances in its response to the complaint.

The third issue I need to consider is the bank's failure to release the funds held on the account.

Funds held to the credit of a bank account represent a debt owed by the bank to the account holder. Subject to any terms to the contrary (for example, where the account is a notice account, or where the bank has a right of set-off), that debt is payable on demand. Mr H has demanded payment, but NatWest has not made it. Nor has it given any reason for non-payment, either to Mr H or to this service. In the circumstances, I believe the investigator's recommendation was fair and reasonable.

I accept too that Mr H has suffered some inconvenience here and that he should be compensated for that. He has said however that he had another account with a different provider, and I have summarised what he has said about his use of the NatWest account. This is not a case where a customer was left with no account and had to make alternative banking arrangements. My award in recognition of Mr H's inconvenience is therefore relatively modest.

### **My final decision**

For these reasons, my final decision is that National Westminster Bank Plc should release any funds held on the account at the time of closure, together with interest at 8% a year simple from the date on which the account was blocked until the date of payment. It should also pay Mr H a further £100 in recognition of the inconvenience to which he has been put.

Payment should be made by bank transfer, cheque or counter withdrawal at Mr H's option and subject to suitable identification being provided.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 1 May 2023.

Mike Ingram  
**Ombudsman**