

The complaint

Mrs M and Mr M complain that National Westminster Bank Plc unfairly blocked and closed their accounts. They say this caused them a lot of problems and upset and they want NatWest to pay them compensation.

What happened

The detailed background of this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

Mrs M and her husband Mr M were long standing customers of NatWest. Mrs M had a current account along with joint savings accounts with her husband and an ISA account. Mrs M has explained that the NatWest accounts were her main accounts. She has said that she used the accounts to receive wages and pay bills via direct debits, everyday living costs and to pay for important things such as her children's tutoring lessons, university fees and driving lessons.

In November 2022, NatWest blocked and reviewed Mrs M and Mr M's accounts. This meant they weren't able to access the funds in the accounts. The accounts were blocked between 11 and 21 November 2022. Following this, in February 2023, NatWest decided to close Mrs M and Mr M's accounts. NatWest wrote to them to let them know they had 60 days to make alternative banking arrangements. Mrs M and Mr M set up new accounts with different banks, rearranged their direct debits and moved their funds across to their new accounts. However, NatWest didn't close their accounts and sent them another letter in April 2023 giving them 60 days' notice that their accounts would be closed in June 2023.

Mrs M has said that due to the block on her accounts she had to borrow money to pay for food and fuel which was embarrassing and upsetting. She's also said that she suffers from anxiety and the actions of NatWest made her condition much worse and led to sleepless nights. Mrs M says NatWest should have warned her and Mr M that their accounts were going to be blocked which would have meant they could have made some alternative arrangements. And that receiving another set of closure letters in April 2023 was confusing.

Mrs M complained to NatWest. In response NatWest said it was complying with its legal and regulatory obligations when it had blocked Mrs M's and Mr M's accounts. It acknowledged that at times it didn't provide the best service in response to Mrs M's calls and apologised. It also said that there were delays in closing the accounts and offered them £200 compensation for any trouble and upset this had caused them.

Unhappy with this response, Mrs M and Mr M brought their complaint to our service where an investigator considered it. The investigator said that NatWest were entitled to block and close accounts. She also thought that the £200 offered by NatWest for the delays closing the accounts was fair. Mrs M disagreed and said that the amount of compensation offered isn't enough because she and her husband had several accounts. And had to pay extra costs to get through the difficult time the accounts were blocked

In response to the investigator's view NatWest provided more information about the reasons it blocked and closed Mrs M's and Mr M's accounts.

As no agreement could be reached the matter has come 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.

I would add too that our rules allow us to receive evidence in confidence. We may treat evidence from banks as confidential for a number of reasons – for example, if it contains security information, or commercially sensitive information. Some of the information NatWest has provided is information that we considered should be kept confidential. This means I haven't been able to share a lot of detail with Mrs M and Mr M, but I'd like to reassure them that I have considered everything.

Account block and closure

NatWest are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. They can broadly be summarised as a responsibility to protect persons from financial harm, and to prevent and detect financial crime. They're also required to carry out ongoing monitoring of new and existing relationships. That sometimes means they need to restrict customers' accounts – either in full or partially while they carry out their review. The terms of the account also permit NatWest to block an account. This means NatWest is entitled to block and review an account at any time.

Having looked at all the evidence, I don't believe it was unreasonable in the circumstances for NatWest to block Mrs M and Mr M's accounts. NatWest has explained that this was its standard procedure, and I accept that it was. I'm satisfied that in doing so NatWest were complying with its legal and regulatory obligations. So, whilst I accept, the bank's actions caused Mrs M and Mr M inconvenience and upset when it blocked their accounts, I can't say the bank did anything wrong and treated them unfairly in doing so.

I understand that Mrs M and Mr M would have liked to have known about the block before it happened. I appreciate that if they had been told they would have been able to get their finances reorganised. But NatWest don't have to warn its customers that it intends to restrict their accounts before placing a block on them. However, I can see that NatWest wrote to Mrs M on 15 November 2022 letting her know that it had blocked her accounts – albeit this was after the block was in place. The letter also set out the relevant terms in the account conditions which permit them to block an account. And how it would impact payments into and out of her accounts. So, I'm satisfied NatWest did let Mrs M know what it was doing with her accounts and reasonably quickly.

Banks are also entitled to end their business relationship with a customer, as long as this is done fairly, doesn't breach law or regulations and is in keeping with the terms and conditions. And unless there's a good reason to do so, this service won't usually say that a bank must keep a customer. But they shouldn't decline to open an account without proper reason, for instance of unfair bias or unlawful discrimination. And they must treat new and existing customers fairly. In this instance the terms of Mrs M's and Mr M's accounts say that in certain instances NatWest can close the accounts with immediate notice and by providing 60 days' notice. NatWest wrote to Mrs M and Mr M in February 2023, giving them 60 days' notice that it was closing their accounts and that they'd need to make alternative banking arrangements.

This can be due to a number of reasons and a bank isn't obliged to give a reason to the customer. Just the same as if Mrs M and Mr M decided to stop banking with NatWest, they wouldn't have to explain why. Based on what NatWest has shared with this service, I'm satisfied their actions were reasonable in the circumstances. And the bank's decision to stop providing Mrs M and Mr M with banking facilities was reached legitimately and fairly. I can see that Mrs M and Mr M responded to the notice to closure letters that they received by opening new accounts with a different bank and moving their funds out of their NatWest accounts. However, NatWest didn't close the accounts and sent Mrs M and Mr M more notice close letters in April 2023. Mrs M has said she didn't realise that the accounts hadn't been closed and was quite confused by receiving more letters addressed to her and her family.

NatWest has apologised for the delay in closing the accounts and offered Mrs M and Mr M £200 compensation for any trouble and upset this caused them. I've considered what Mrs M has told us about how NatWest's actions impacted her and her husband. I can't see that NatWest's delays in closing the accounts had much of an impact on them. The accounts were always going to be closed. However, I can appreciate that receiving the letters would have caused Mrs M some worry and confusion. So, I agree that Mrs M and Mr M should receive some compensation. But I've also kept in mind that they'd already moved their banking elsewhere by the time the letters arrived. And Mrs M doesn't seem to have been aware that the accounts with NatWest hadn't been closed until she received the letters in April 2023. With all this in mind, I'm satisfied that the £200 compensation already offered fairly recognises the impact NatWest's delay in closing the accounts had in the overall circumstances of this complaint. So, I won't be directing NatWest to pay any more.

My final decision

For the reasons I've explained my final decision is that I partly uphold this complaint. To put things right National Westminster Bank Plc should:

- Pay Mrs M and Mr M £200 compensation for trouble and upset caused by the delay in closing their accounts

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms M and Mr M to accept or reject my decision before 11 December 2023.

Sharon Kerrison
Ombudsman