

The complaint

Mr G complains that National Westminster Bank Plc unfairly closed his accounts without providing an explanation or warning. Mr G says this caused him unnecessary inconvenience and worry for which he should be compensated.

What happened

Mr G had three accounts with NatWest.

In February 2022, following a review, NatWest decided to close all of Mr G's accounts. NatWest wrote to Mr G giving him 60 days' notice that he needed to make alternative banking arrangements.

Mr G complained to the bank and asked for an explanation behind his accounts being closed. NatWest wouldn't give him much information. It said it had closed his accounts in line with the account terms and conditions and regulatory obligations. NatWest also said it wasn't obliged to provide Mr G with an explanation behind the closure. So, it didn't uphold Mr G's complaint.

Unhappy with this response, Mr G brought his complaint to our service where one of our investigators looked into what had happened. Mr G told us that he'd been a good customer of the bank for 30 years. He said the accounts were his main accounts and NatWest's actions had caused him a great deal of stress and worry. He said at the time he was dealing with a bereavement, so the bank's actions made an already difficult situation much worse for him and his children. Mr G also said that NatWest didn't release the funds in his accounts, so he had to borrow money from friends to get by, which was upsetting.

The investigator asked NatWest to provide more information about why it had closed Mr G's accounts. But NatWest said it couldn't provide anything more than it had already provided to us. And it maintained that it hadn't treated Mr G unfairly when it had closed his accounts. It also pointed out that during the notice period Mr G had full access to his accounts, so he could have withdrawn his funds during this time.

The investigator said based on the limited information the bank had provided, she couldn't say the bank had treated Mr G fairly when it had closed his accounts. So, she said NatWest should pay Mr G £100 compensation for any trouble and upset the closure of his accounts had caused Mr G. NatWest accepted what the investigator said. Mr G didn't. He said that the amount of compensation doesn't adequately reflect the amount of trouble and upset he has suffered. He wants more compensation and wants to know why NatWest closed his accounts.

As no agreement could be reached the matter has come 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.

Firstly, I'd like to offer my sympathies to Mr G for his bereavement. Mr G has said that at the time NatWest closed his accounts he was dealing with the loss of his wife. So, I can understand why he found this whole experience with NatWest frustrating and upsetting – especially as his attempts to get information from NatWest about why the bank had decided to close his accounts didn't give him any answers.

Banks are entitled to decide for themselves whether to do business or continue doing business with a customer. Each financial institution has its own criteria and risk assessment for deciding whether to continue providing accounts and providing an account to a customer is a commercial decision that a financial institution is entitled to take. That's because it has the commercial freedom to decide who it wants as a customer. 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.

Mr G wants NatWest to explain why it no longer wanted him as a customer. But NatWest is under no obligation to tell Mr G the reasons behind the account review and closure, as much as he'd like to know. So, I can't say it's done anything wrong by not giving Mr G this information. And it wouldn't be appropriate for me to require it do so.

NatWest can only close accounts in certain circumstances and if it's in the terms and conditions of the account. NatWest have relied on the terms and conditions when closing Mr G's account. The terms explain that the bank can close the account with notice. However, NatWest still needs to provide information to this service so we can fairly decide a complaint. Despite being asked by the investigator, NatWest has failed to provide information about why it no longer wanted Mr G as a customer.

I've considered what NatWest has said about why it won't provide further information to our service about the reasons it closed Mr G's accounts. This service has the power to request evidence of this nature under the dispute resolution rules (DISP) and I'm not persuaded the reasons given by NatWest exclude it from complying with these rules. So, in this particular case, because of the lack of information I can't be satisfied that NatWest has treated Mr G fairly when it closed his accounts. Taking this into account, I agree NatWest should pay Mr G compensation for the trouble and upset caused by closing his accounts.

NatWest agreed to pay £100 as recommended by the investigator. Having considered what Mr G has told us about how the closure of his accounts impacted him, I've no doubt this was a worrying and upsetting time for him. He also had to go to the trouble of finding and opening new bank accounts. But having looked at all the evidence and circumstances of this complaint, I haven't found grounds to increase the level of compensation. I'm satisfied that £100 compensation is a fair amount of compensation and proportionate to the trouble and upset Mr G was caused. So, while Mr G may disagree with me, I won't be asking NatWest to do anything else to resolve this complaint.

Finally, Mr G says NatWest didn't allow him access to the money in his account. But from looking at Mr G's account statements I can see that Mr G appears to have been carrying out transactions, including cash withdrawals during the notice period. I note too that NatWest sent Mr G a cheque for his closing balances. So, I don't agree that NatWest stopped Mr G from accessing the money in his accounts.

My final decision

For the reasons I've explained I uphold this complaint. To put things right National Westminster Bank Plc should:

- Pay Mr G £100 compensation for the trouble and upset caused by the bank closing his accounts

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

Sharon Kerrison
Ombudsman