

The complaint

Mr D complains about National Westminster Bank Plc closing his son's (Mr D) bank account after he deposited an inheritance cheque.

What happened

I issued my provisional decision on 8 March 2023, and this is what I said:

I've considered the relevant information about this complaint.

Based on what I've seen so far, I intend to uphold it, so there will be a different outcome to what our investigator proposed.

Before I issue my final decision, I wanted to give everyone a chance to reply.

I'll look at any more comments and evidence that I get by 22 March 2023. But unless the information changes my mind, my final decision is likely to be along the following lines.

The complaint

Mr D complains about National Westminster Bank Plc closing his son's (Mr D) bank account after he deposited an inheritance cheque.

What happened

Mr D explains that he has three children and as they each inherited £35000 following the sad loss of his father, cheques were deposited into each of their bank accounts. This included Mr D's 16-year-old son (Mr D) who has a bank account with NatWest.

Mr D says the cheque paid into NatWest was the only cheque that didn't clear, and he was informed this was due to a fraud alert.

Mr D says despite contacting NatWest and giving them information, he was told his son's bank account was being closed.

Mr D says he subsequently successfully paid the £35000 into a new account he set up with the bank that had issued the cheque and there have been no fraud alerts. When Mr D complained to NatWest, they didn't give an explanation for their closure action.

Mr D complained to our service, but our investigator didn't uphold his complaint.

As Mr D remains dissatisfied his complaint has now been referred to me to look at. What I've provisionally 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 should first explain this service can't instruct a business to re-open an account or alter its procedures, processes or systems. I say this because we aren't the regulator of the financial

services industry, and our role is to consider each individual case. And, where we think a business hasn't acted fairly and reasonably in the circumstances, our role is to decide what should be done to put right any financial, or non-financial losses that a consumer has experienced.

Whilst I appreciate Mr D's strong feelings here, a bank is entitled to close an account with a customer just as a customer may close an account with a bank. However, when doing so, it must comply with the terms and conditions of the account. Having reviewed the file, including the information NatWest received, I'm satisfied that their immediate closure action did comply.

However, although I fully understand NatWest's action was based on a fraud alert, I can't see that they either responded or gave any consideration to the information supplied by Mr D. This indicates there may have been an error with the fraud alert and, had they done so, I think there could've been a different outcome here and Mr D's son's account might not have been closed. So, I don't think NatWest have treated Mr D and his son, who was the account holder, fairly here.

From reading Mr D's submissions I'm persuaded that this lack of communication caused both distress and inconvenience to both Mr D and his son. Mr D and his son are understandably concerned about the fraud alert and any future impact it may have. Also, due to the closure action, which I can't ask NatWest to reverse, there was a delay in Mr D's son getting access to the funds, together with the inconvenience of setting up a new account.

Also, as the issue was unresolved there remains a concern there would be a similar issue and / or future issues if NatWest have placed a marker with fraud prevention agencies.

So, I think NatWest should compensate Mr D's son for both inconvenience and distress caused, and I consider £150 to be a fair amount here.

My provisional decision

For the reasons I've given above, it's my provisional decision to uphold this complaint and I require National Westminster Bank Plc to pay Mr D's son £150 compensation.

I'll look at anything else anyone wants to give me – so long as I get it before 22 March 2023. Unless that information changes my mind, my final decision is likely to be as I've set out above.

NatWest responded prior to the deadline and said:

"Could you please confirm if Mr D has provided evidence of the other cheques deposited and the disputed cheque clearing, or is your Service just taking his word for it that he was able to lodge the items?"

As the NatWest response suggested they would now look at evidence and consider Mr D's dispute, I asked Mr D for additional information. As Mr D didn't respond by the deadline, I gave him additional time. I extended the deadline and also asked our investigator to call Mr D.

However, at the time of writing this decision there has still been no contact or response from Mr D.

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.

Whilst the NatWest response to my provisional decision suggests they may now be willing to consider information from Mr D, which would fully establish whether there was an error with the fraud alert, I think NatWest should've responded and looked into Mr D's correspondence and challenge before they decided to close the account.

Although Mr D hasn't responded and it's not possible to say that there was a fraud alert error, had NatWest responded to Mr D when he challenged their actions, there could've been a different outcome here and Mr D's son's account might not have been closed.

Whilst I'm satisfied NatWest were entitled to both act on a fraud alert and close the account, I still don't think NatWest have treated Mr D and his son, who was the account holder, fairly here.

As no further evidence has been produced in response to my provisional decision, I adopt my provisional decision and reasons as my final decision.

My final decision

For the reasons I've given above, it's my final decision to uphold this complaint and I require National Westminster Bank Plc to pay Mr D's son £150 compensation for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 18 June 2023.

Paul Douglas
Ombudsman