

## **The complaint**

Mr I complains National Westminster Bank Plc (“NatWest”) restricted and closed his bank accounts causing him significant distress and inconvenience.

## **What happened**

This complaint doesn’t deal with a business account for which Mr I is a director of a limited company for. That’s because that is a complaint for the limited company, as a separate legal entity, to make. So it deals with Mr I’s complaint in relation to accounts held in his personal and private capacity.

In September 2022, following an internal review, Mr I’s accounts were restricted by NatWest. Around two weeks later, in early October 2022, NatWest unblocked Mr I’s accounts and he was given full access to them.

Unhappy with NatWest’s actions, Mr I complained. NatWest didn’t uphold Mr I’s complaint. In its response, and in summary, it said:

- NatWest hasn’t done anything wrong when blocking Mr I’s account and it isn’t under an obligation to give him an explanation
- NatWest apologised for not returning Mr I’s call as it had agreed with regards to the account restrictions

Unhappy with what NatWest said, Mr I referred his complaint to this service.

In January 2023, NatWest sent Mr I a letter giving him notice that it was closing his accounts in two months’ time.

Our Investigator looked into Mr I’s complaint. They recommended Mr I’s complaint be upheld. In short, some of the key findings they made were:

- NatWest has a set of procedures in place for monitoring accounts in order to comply with its legal and regulatory obligations
- NatWest hasn’t provided enough evidence to show its decision to close Mr I’s accounts was fair. So because of this it should pay Mr I 8% simple interest for the period he was deprived of his funds and pay £100 for the inconvenience it caused him by having to make alternative banking arrangements
- As Mr I had access to his account after the blocks were removed and until the accounts were closed, there wasn’t much impact to him

In its response, NatWest said it had closed the accounts in line with its terms and conditions but will settle the complaint as recommended by our Investigator. Mr I didn’t agree and says the recommended compensation isn’t fair award given he had to borrow £800 from his family to meet his commitments.

As Mr I didn't agree, his complaint has now 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.

Having done so, I've decided to uphold this complaint. I'll explain why.

Banks in the UK, like NatWest, are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. They are also required to carry out ongoing monitoring of an existing business relationship. That sometimes means banks need to restrict, or in some cases go as far as closing, customers' accounts.

NatWest is entitled to close an account just as a customer may close an account with it. But before it closes an account, NatWest must do so in a way, which complies with the terms and conditions of the account.

The terms and conditions of the account, which NatWest and Mr I had to comply with, say that it could close the account by giving him at least 60 days' notice. And in certain circumstances, it can close an account immediately or with less notice.

NatWest is under no obligation that I'm aware of to give Mr I an explanation for its actions. But if a complaint of this nature is sent to this service, it should explain and show us why it has taken such actions. Having carefully reviewed the information NatWest has given me, I'm satisfied it hasn't provided enough information for me to find it acted in line with its obligations and terms of account.

That means I can't say it acted fairly, and in line with its terms of account and obligations when reviewing, restricting and closing Mr I's accounts. So I'm satisfied, given I have limited information, that NatWest hasn't acted properly here.

Mr I says the account being restricted caused him distress and inconvenience. And he had to borrow money from his family to meet his financial commitments. The account was blocked for around two weeks, so I need to consider what impact this had on him during that period. Mr I hasn't said NatWest's restrictions caused his regular payments to fail, and he suggests he was able to get money to meet any commitments.

I accept that having to borrow money from family would've caused some embarrassment. But money borrowed in this way isn't likely to be at a cost of interest. And given the blocks were for a relative short while, Mr I would've been able to pay his family back fairly quickly. I also accept NatWest's actions would have caused Mr I some distress, so I'll take this into account when reaching what I think is fair redress.

Mr I was also given 60 days' notice of his accounts being closed, so I think he had enough time to make alternative banking arrangements and move across any regular payments. I also note he had full access to his accounts after the blocks were removed.

Taking this all into account, I'm persuaded that £100 compensation for the distress and inconvenience he suffered is his fair compensation. I'm also satisfied that 8% simple interest from when the blocks were applied to when they were removed is fair redress for the time he was deprived of his funds.

## **Putting things right**

To put things right, NatWest must:

- Pay Mr I £100 compensation for the distress and inconvenience he suffered
- Pay 8% simple interest\* on the balance of his account when it was restricted up until when those restrictions were lifted and Mr I was given access

\* If NatWest considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr I how much it's taken off. It should also give Mr I a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

## **My final decision**

For the reasons above, I uphold this complaint. National Westminster Bank Plc must now put things right as directed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr I to accept or reject my decision before 22 December 2023.

Ketan Nagla  
**Ombudsman**