

The complaint

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

What happened

Mr R had six accounts with NatWest – a current account and five savings accounts. Mr R has explained that he used his savings account to save a deposit for an upcoming house purchase.

In July 2022, NatWest decided to review how Mr R was operating his accounts. Whilst it conducted its review the bank blocked Mr R's access to all of his accounts, this meant Mr R couldn't access the funds in his accounts and no payments could be credited to the account. Mr R was also blocked from accessing his accounts online. Mr R's accounts were blocked from 22 July 2022 until 2 August 2022. Following this NatWest decided to close Mr R's accounts and wrote to him on 24 August 2022, giving him 60 days' notice that it intended to close his accounts.

Mr R says he only discovered his accounts were blocked when he tried to access his accounts. He's explained that he went into a branch to find out what was happening with his accounts, but NatWest wouldn't give him much information. He also says that he never received the notice to closure letter which NatWest sent, so he had no idea his accounts were going to be closed.

NatWest closed Mr R's accounts on 25 October 2022. It released Mr R's funds on 6 December 2022.

Mr R complained to the bank about the block and closure of his accounts. He explained that he'd been a customer of the bank for over ten years and had always operated his accounts properly. He said at the time he and his wife had just had a baby and were in the process of buying and selling a property. So not having access to a working bank account made an already challenging time in his life more difficult and stressful. He says NatWest treated him inhumanely.

In response, NatWest said it hadn't done anything wrong when it blocked and closed Mr R's accounts. And it had done so in line with the account terms and its regulatory obligations. Mr R wasn't happy with this response, so he brought his complaint to our service where an investigator considered it. The investigator asked NatWest to provide more information about why it had blocked and closed Mr R's accounts. But NatWest said it couldn't provide anything more than it had already provided to us. And maintained that it hadn't treated Mr R unfairly when it had blocked and closed his accounts.

The investigator said that based on the limited information NatWest had provided she wasn't satisfied that NatWest had treated Mr R fairly when it had blocked and closed his accounts. She also said that NatWest had taken too long to return Mr R's money to him after

his accounts had closed. So, she said NatWest should pay Mr R £200 compensation for any trouble and upset the closure of his accounts had caused him. She also recommended NatWest pay Mr R 8% interest on the balances of his accounts for loss of use of his funds.

NatWest accepted what the investigator said. Mr R didn't. He said that the amount of compensation doesn't adequately reflect the amount of trouble and upset he has suffered. He wants NatWest to receive a hefty fine and reopen his accounts. He also wants the bank to explain why it no longer wants him as a customer.

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.

Mr R wants NatWest to explain the reason it blocked and closed his accounts. Mr R has said that at the time he and his wife had recently had a baby. And they were also in the process of selling a property and looking for a new home. He's said that his wife was also dealing with some health issues. So, I can understand why he found this whole experience with NatWest frustrating – especially as his attempts to get information from NatWest about what was happening didn't give him any answers. But NatWest doesn't disclose to its customers what triggers a review of their accounts. It's under no obligation to tell Mr R the reasons behind the account block and closure, as much as he'd like to know. So, I can't say it's done anything wrong by not giving Mr R this information. And it wouldn't be appropriate for me to require it do so.

However, NatWest 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 blocked Mr R's accounts and no longer wanted him 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 blocked and closed Mr R'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 R fairly when it blocked and closed his accounts. I've considered what Mr R has said about how NatWest's actions impacted him. Taking this into account, I agree NatWest should pay Mr R compensation for the trouble and upset caused by blocking and closing his accounts.

NatWest agreed to pay £200 as recommended by the investigator. Mr R says this doesn't go far enough. Having considered what Mr R has told us about how NatWest's actions 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 know Mr R has said that not having access to his account led to him not being able to purchase a property. And having to move in with family instead. But I've not seen any evidence to support this. So, I'm satisfied that £200 compensation is a fair amount of compensation and proportionate to the trouble and upset Mr R was caused by NatWest blocking and closing his accounts. Mr R's accounts were blocked from 22 July 2022 until 2 August 2022, so NatWest should also pay Mr R 8% simple interest on the balances of his accounts, for loss of use of his funds during this period.

NatWest closed Mr R's accounts on 25 October 2022, but it didn't release Mr R's funds until 6 December 2022. The longer a customer doesn't have access to the money in their

account, the greater the trouble, upset and financial harm they may suffer. Mr R has said not having access to the funds in his accounts was stressful and made everyday life for him and his family much more difficult at a time which was already challenging for them.

I've looked at the timeline of events and what NatWest has said it was doing at the time. But I can't see any reason why the bank took as long as it did to release Mr R's balance to him. Based on the limited information they have provided I can't fairly conclude they have acted as they should have. Instead, I find they have likely caused unreasonable delays and haven't treated Mr R fairly. So, NatWest should pay Mr R 8% simple interest on the balances of his accounts from 25 October 2022 until 6 December 2022, for loss of use of these funds.

I know that Mr R wants NatWest to reopen his accounts. Although NatWest haven't provided this service with the reasons why it no longer wants Mr R as a customer. I am not going to ask NatWest to reopen Mr R's accounts. That's because it has the commercial freedom to decide who it wants as a customer.

I understand Mr R feels NatWest should be punished for the way it has treated him. He wants NatWest to receive a fine of £200,000, which he wants donated to charity. I understand Mr R's strength of feeling about his complaint. But it's important to note that it isn't the role of this service to punish or fine businesses for their mistakes or standard of service. This service isn't intended to regulate or punish businesses for their conduct – that is the role of the Financial Conduct Authority. Instead, this service looks to resolve individual complaints between a consumer and business. Should we decide that something has gone wrong we would ask a business to put things right by placing a customer, as far as possible, in the position they would have been in if the problem hadn't occurred.

In summary, based on the evidence I'm satisfied that NatWest's blocking and closing Mr R's accounts caused Mr R trouble and upset. Mr R also had to wait more than a month for the bank to return his funds after it had closed his accounts. I think adding interest to the balances of his accounts fairly compensates him for the loss of use of his money. I also think NatWest should pay compensation for the trouble and upset this overall situation has caused Mr R and I consider the amount of £200 to be appropriate in the circumstances.

My final decision

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

- Pay Mr R £200 compensation for the trouble and upset caused by the NatWest blocking and closing his accounts
- Pay Mr R 8% simple interest per year for the sum in Mr R's accounts between 22 July 2022 until 2 August 2022
- Pay Mr R 8% simple interest per year for the sum in Mr R's accounts between 25 October 2022 and 6 December 2022

HM Revenue & Customs require National Westminster Bank Plc to withhold income tax from the abovementioned interest. NatWest should give Mr R a certificate showing how much is taken off if he asks for one.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 10 August 2023.

Sharon Kerrison
Ombudsman