

The complaint

Mr N complains that National Westminster Bank Plc (NatWest) closed his current account without reason.

Mr N had other accounts with NatWest. Complaints relating to those accounts are dealt with separately. This decision relates only to NatWest's closure of Mr N's current account.

What happened

Mr N had a current account with NatWest.

From 21 June to 13 July 2022 NatWest blocked the account. And on 14 July 2022 NatWest told Mr N it would close the account in 60 days' time. NatWest then closed the account on 30 September 2022. In the meantime, Mr N complained to NatWest.

NatWest replied to Mr N's complaint on 9 August 2022. It noted the impact Mr N said he'd suffered as a result of NatWest's actions which included, amongst other things, his car being untaxed since July 2022. But it said its decision to close Mr N's account had been in line with part 12.2 of the terms and conditions that applied to the account. So NatWest said it hadn't done anything wrong and wouldn't compensate Mr N for the impact he described.

Part 12.2 of the terms and conditions included that NatWest could close the account immediately for certain specified reasons. Or it could close the account with 60 days' notice without the need for a specified reason.

Mr N wasn't satisfied. He referred his complaint to this service.

One of our Investigators looked into Mr N's complaint. He thought the complaint should be upheld because NatWest hadn't given this service enough information about its reasons for closing Mr N's account. That meant that, even though the terms and conditions of the account gave NatWest the discretion to close Mr N's account the way it did, the investigator couldn't be satisfied that NatWest had exercised that discretion in a fair and reasonable way. The investigator recommended NatWest pay Mr N £200 compensation.

NatWest didn't agree with the investigator's recommendation because it said the investigator hadn't shown NatWest had acted unfairly.

Mr N didn't agree with the investigator's recommendation because he said the impact on him of the account closure warranted more than £200 compensation. In particular he said the closure had caused his vehicles to be impounded because his vehicle tax wasn't paid during that period due to the block on his accounts. And he said NatWest had caused him to miss out on an account switching bonus.

Because no agreement could be reached, the complaint was passed to me to review afresh and make a decision.

Before I made a decision on this complaint, Mr N told us NatWest had considered a further complaint from him. He said NatWest had accepted it had agreed to an extension giving

Mr N more time before closing his account, but it had failed to honour the extension. As a result of that, he said, NatWest paid Mr N compensation of £529 for the impounding of his vehicles and £170 for missing out on a switching bonus. NatWest also paid some compensation in relation to an ISA account held by Mr N which is outside the scope of this decision.

This service also received further information from NatWest about its decision to close Mr N's account. I've taken the further information into account when reaching my decision.

Before making this final decision I issued a provisional decision in which I said I didn't intend to uphold Mr N's complaint. I said I'd consider any further information from either party before making a final decision.

Mr N said NatWest should pay the £200 compensation recommended by the investigator because of the impact he suffered when his account was frozen and closed. And, in summary, he said the following:

- NatWest closed his account after he'd had the account for many years without issues because of an investigation by a third party which was closed without further action. NatWest should've waited for the outcome of that investigation before closing the account. Another business Mr N banked with was also going to close his account but chose to await the outcome of the investigation.
- NatWest only compensated Mr N for the car impoundment and the missed switching bonus after many emails and long phone calls. By changing its mind about this NatWest showed it knew it was wrong to freeze and close Mr N's accounts.

NatWest didn't provide any comments on my provisional decision.

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'm not upholding the complaint. I'll explain why.

I first want to note that in this decision I'm not making any findings about NatWest's role in the impounding of vehicles or the switching bonus. That's because Mr N has told us he's already been compensated for them. So, I can't say he's suffered any loss which I need to think about putting right for him. And so even if these things were a result of NatWest's decision to close the account being unfair, I wouldn't direct NatWest to do anything further in relation to these things.

In this decision I'm also not making any findings about the blocking of Mr N's account. That has been addressed under a separate complaint to this service.

I next want to set out that our rules allow this service 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 for our investigation of Mr N's complaint is information we consider should be kept confidential. This means there's some detail I won't share with Mr N. But I'd like to reassure him I've considered everything.

The information I've accepted in confidence from NatWest is of a nature that shows NatWest had fair reasons for closing Mr N's account. And I'm satisfied the closure was in line with the account's terms and conditions.

Mr N said it wasn't fair that NatWest closed his account without awaiting the outcome of an investigation by a third party. But NatWest has the right to make its own decision about whether to close an account. Its decision to close Mr N's account was in line with the terms and conditions of Mr N's account and, as I've said, it was for fair reasons. It wasn't necessary for a third party to make a finding against Mr N for NatWest to decide to close Mr N's account. If a different business acted differently in relation to an account held by Mr N, that doesn't show NatWest was unreasonable to make the decision it made.

I also don't agree that a decision by NatWest about how it handled an extension of time has a direct bearing on whether it was fair and reasonable for NatWest to close Mr N's account. It's possible for NatWest to find it's mishandled a request for extension without that meaning it had no right to close the account.

I know Mr N is likely to disagree with my finding. And I understand he's been impacted by the closure of his account. But overall I can't say NatWest was wrong to close the account. So I can't say NatWest has treated him unfairly in the circumstances of this complaint. Because of that, I'm not asking NatWest to do anything further.

My final decision

For the reasons I've set out above, my final decision is that I'm not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 29 November 2024.

Lucinda Puls
Ombudsman