

The complaint

Miss Z and Mr Z complain that National Westminster Bank Plc unfairly closed their joint account and didn't allow them access to money in the account.

What happened

Miss Z and Mr Z had a joint account with NatWest. Miss Z used the account to receive her salary payments.

In March 2022, NatWest reviewed Miss Z's and Mr Z's account. Whilst it conducted its review the bank blocked Miss Z's and Mr Z's access to the account, this meant Miss Z couldn't access the funds in the account and no payments could be made from the account. Miss Z was also blocked from accessing the account online.

Miss Z and Mr Z's account was blocked from 16 March until 29 March 2022. Following this NatWest decided to close their account and wrote to them in July 2022 giving them 60 days' notice that they needed to make alternative banking arrangements. NatWest closed the account in September 2022.

Miss Z says she only discovered the account was blocked when she tried to access her account online. She's also said that at the time she was due to go on holiday overseas and needed to access money in her account to fund her trip. But when she asked the bank to allow her access to some funds in the account, it refused. So not having access to a working bank account and funds was very stressful. She's explained that she went into a branch to find out what was happening with the account and also sent emails and made phone calls, but NatWest wouldn't give her much information.

Miss Z complained to the bank about the block and closure of her account. She explained that she'd had to miss out on doing certain things on holiday due to not having access to her account, which was upsetting as it was the first holiday she'd taken since the COVID lockdown. She also said she had to ask friends and relatives to lend her money which she found awkward. In response, NatWest said it hadn't done anything wrong and had acted in line with the terms of the account and relevant regulations when it had blocked and then closed the account.

Unhappy with this response, Miss Z and Mr Z brought their complaint to our service. Miss Z said that Mr Z was living overseas, and she believes that NatWest discriminated against them on the basis of their nationality. She said she was also worried about direct debits not being paid due to the block. Overall, she said that the whole experience had been upsetting and stressful for her and Mr Z.

One of our investigator's looked into Miss Z and Mr Z's complaint. She said NatWest hadn't done anything wrong when it decided to close the account. However, she said that NatWest should have allowed Miss Z access to her salary whilst the account was blocked. She recommended NatWest pay £100 compensation for the trouble and upset this had caused.

NatWest agreed. Miss Z didn't. She said £100 compensation doesn't adequately reflect the amount of trouble and upset she was caused. She argued that she spent a number of hours trying to sort things out with NatWest and based on her hourly rate she should be compensated for her time, which she says amounts to around £700.

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, 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.

At times, following a review, banks sometimes choose to end their relationship with customers. This can be due to a number of reasons and a bank isn't obliged to give a reason to the customer. Just the same as if Miss Z and Mr Z decided to stop banking with NatWest, they wouldn't have to explain why. Based on what NatWest has shared with me, I'm satisfied their actions were reasonable in the circumstances. And the bank's decision to stop providing Miss Z and Mr Z with banking facilities was reached legitimately and fairly.

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 Miss Z and Mr Z's account. The terms explain that the bank can close the account with notice. I've considered the full circumstances of this complaint and I agree NatWest were entitled to close the account and I'm pleased to see they gave Miss Z and Mr Z the full 60 day notice period to allow them to arrange other banking facilities.

Miss Z says that she believes her, and Mr Z are victims of discrimination by NatWest. And that the bank closed their account on the grounds of their nationality and where, Mr Z resides. While I can appreciate this is her perspective, it is not my role to decide whether discrimination has taken place – only the courts have the power to decide this. I have, however, considered the relevant law in relation to what Miss Z has said when deciding what I think is the fair and reasonable outcome. Part of this has meant considering the provisions of The Equality Act 2010 (The Act). And after looking at all the evidence, I've not seen anything to suggest that this was the case. So, I haven't found that NatWest decided to close the account for an improper reason.

The crux of Miss Z and Mr Z's complaint is the block NatWest placed on the account. This meant Miss Z couldn't access money in the account. Miss Z is upset that when she asked the bank it refused to allow her to access her salary, which at the time was very stressful as she needed funds to go on holiday.

NatWest have important legal and regulatory obligations they must meet when providing accounts to customers. Those obligations are ongoing and don't only apply to when an account is opened. They can broadly be summarised as a responsibility to protect persons from financial harm, and to prevent and detect financial crime. It's common industry practice

for firms to restrict access to an account to conduct a review on a customer and/or the activity on an account. The terms of the account also permit NatWest to block an account. So, I can't say NatWest treated Miss Z and Mr Z unfairly when it decided to block their account.

While I appreciate NatWest are entitled to block accounts while carrying out a review, it's usually reasonable that a customer still has access to their salary or benefit money. Miss Z made NatWest aware of her difficulties and that she was due to go on holiday and needed access to her funds. I note too that there's nothing to suggest that NatWest had any concerns about the salary payments paid into the account.

NatWest agreed to pay £100 as recommended by the investigator. Miss Z says this isn't enough. And says she should be compensated based on her hourly rate. I should explain that when we award compensation we consider the impact of the mistake – here NatWest didn't allow Miss Z access to her salary for around two weeks. We don't usually award compensation on the basis of a complainant's business or professional hourly rate. Miss Z also hasn't provided any evidence that contacting NatWest meant she lost out on income. So, I don't think based on the evidence Miss Z suffered a financial loss.

Having considered what Miss Z has told us about how NatWest's actions impacted her, I've no doubt this was a worrying and upsetting time for her. She was going on holiday and needed funds. She also had to go to the trouble of asking others to lend her money, which I appreciate might have been awkward and embarrassing for Miss Z. I can see that she spent time contacting NatWest trying to persuade the bank to allow her access to her salary. NatWest has accepted it should have allowed Miss Z access to her wages. I'm satisfied that £100 compensation is fair and reasonable and proportionate to the trouble and upset Miss Z was caused. So, I won't be asking them to do anything more to resolve this complaint.

My final decision

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

- Pay Miss Z and Mr Z £100 compensation for the trouble and upset caused by not allowing Miss Z access to her salary

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr Z and Miss Z to accept or reject my decision before 12 October 2023.

Sharon Kerrison
Ombudsman