

The complaint

Mr M says National Westminster Bank Plc provided a poor service when it decided to close his account.

What happened

The facts of the complaint are well known to both parties, so I will only provide a summary of the key points of the complaint.

NatWest informed Mr M of its decision to close his bank account in August 2022. Mr M contacted NatWest regarding the closure of his account multiple times, however NatWest proceeded to close the account. Mr M's funds remained within the account.

Mr M raised a formal complaint with NatWest as his correspondence wasn't properly dealt with and he wasn't given an opportunity to withdraw his funds. NatWest reviewed Mr M's concerns and agreed that it had failed to appropriately deal with Mr M's queries. NatWest issued an apology and offered Mr M £70 in recognition of its poor service.

Mr M remained unhappy and brought his complaint to our service. An Investigator reviewed the complaint and found NatWest's poor service warranted an additional £200 payment for the distress and inconvenience caused to Mr M.

NatWest accepted the recommendation. Mr M didn't accept the recommendation, and explained he felt £500 was fair compensation. Mr M also asked for NatWest to refund his remaining balance.

As Mr M remained unhappy, the complaint has been passed to an ombudsman for a final 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.

I am sorry to see the issues Mr M has had with his NatWest account. I realise he has been a long-standing customer and the closure of his account will be inconvenient for Mr M. NatWest made a policy decision to reduce the number of countries in which it offered services to customers, and I am satisfied it acted in line with the account terms and conditions when it made the decision to close Mr M's account.

NatWest's terms and conditions say it will give 60 days' notice, and it first contacted Mr M in August 2022. After this there was a series of correspondence from Mr M regarding the transfer of his balance. NatWest informed Mr M the signature he provided differed from the specimen they held, and he needed to attend branch. Mr M explained he resided outside the UK, and he sent details of an account for his funds to be transferred into. I can see Mr M continued to receive letters about the account closure without any acknowledgement of his previous queries. Mr M's account was closed in February 2023.

As the account has now been closed Mr M will need to go through the reclaim process to access his funds. I can see Mr M wasn't sent details about the reclaim process until June 2023, a significant period of time after the account closed. I appreciate Mr M wants this service to direct NatWest to refund his balance. However, as the account has closed down Mr M will need to follow the reclaim process in order to access his funds. I appreciate the reclaim process requires additional steps on Mr M's part, and his dealings with NatWest have been frustrating, but the process needs to be followed to ensure the correct funds are released and NatWest meets its own internal criteria for releasing funds, as well as its regulatory obligations for reclaiming funds.

I can see Mr M doesn't think the compensation award recommended by the Investigator is enough. Reaching an award for distress and inconvenience is seldom straightforward. The issues involved are subjective by their very nature and the impact on the consumer can be difficult to determine. I understand NatWest offered Mr M £70 at the outset, and I don't think this amount adequately reflects the impact its poor service had on Mr M.

The Investigator suggested an additional £200, and I think this amount is fair. Our awards for distress and inconvenience are not intended to be punitive on a business. Instead, when considering a distress and inconvenience award a key factor will be the impact any failures have on the individual. Looking at Mr M's case I can see Mr M spent time and effort contacting NatWest, and the lack of meaningful progress means the process was stressful. However, I don't think the impact on Mr M warrants a significant increase in the award recommended. NatWest has apologised and acknowledged its shortcomings, and Mr M is aware of the next steps he needs to take in order to reclaim his funds. So, I won't be asking NatWest to increase the compensation amount.

I know Mr M will be disappointed with the compensation I am awarding, but I hope my decision provides some assurance that his concerns have been looked into independently. Mr M will need to contact NatWest directly regarding the reclaim process if he hasn't already done so.

Putting things right

To put things right, National Westminster Bank Plc, must pay Mr M £200 compensation for the distress and inconvenience he experienced during the closure of his account. This is in addition to the £70 it offered Mr M in its final response letter.

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 M to accept or reject my decision before 7 February 2024.

Chandni Green
Ombudsman