

The complaint

Mr B complains National Westminster Bank Plc (“NatWest”) blocked his account without explanation, told him it was unblocked in error, and closed it.

To put things right, Mr B wants NatWest to pay him compensation for the substantive distress and inconvenience its actions have caused.

What happened

On 29 March 2022, NatWest blocked Mr B’s account and it did so until 2 April 2022. NatWest reinstated these restrictions from 24 May 2022 until 30 May 2022 and again from 23 June 2022 until 5 July 2022.

In between these dates Mr B withdrew £4,000 on 20 May 2022, then the same amount again on 31 May 2022, 7 June 2022, and 14 June 2022. This left around £8,000 in Mr B’s account.

During the period of the blocks Mr B complained. NatWest sent several responses to Mr B. In summary, NatWest said it had restricted Mr B’s accounts in line with the terms of the account, and in line with its legal and regulatory obligations.

NatWest added that it did not have to give Mr B an explanation for its actions. NatWest also offered Mr B £100 compensation for erroneously telling him in one of its responses that his account was unblocked when it wasn’t - Mr B did not accept this. Mr B then referred his complaint to this service.

Mr B explained that he had taken £20,000 from another account to deposit into his NatWest one. And he withdrew £10,000 from his NatWest account two weeks later to buy a vehicle. After selling the vehicle he wanted to deposit the funds and found his account had been frozen.

Mr B also explained that after receiving NatWest’s response in May 2022, he received a call from the Police’s economic crime unit that he was being investigated. He says he arranged for two officers to visit him at home the following week, and after a short while of talking to them, they were happy to leave. Mr B says they told him they had no reason to investigate further.

On 27 July 2022, NatWest sent Mr B a letter explaining it had decided to close his account and that it was giving him two months’ notice. NatWest said that from 26 September 2022 the account would be closed, and all facilities related to it would cease.

Mr B was given access to his account during the period of the notice. As the remaining funds weren’t withdrawn, NatWest sent Mr B a cheque for the closing balance in January 2023.

Our Investigator looked into Mr B’s complaint. In summary, they found:

- NatWest hasn’t provided enough information to show it acted fairly when blocking, and in closing, Mr B’s account

- NatWest isn't obliged to give Mr B an explanation for closing his account, but they do need to share information with this service for us to be satisfied it had good reasons to do so
- Once the account was closed on 27 September 2022, NatWest took too long in sending Mr B a cheque for the closing balance
- NatWest's actions caused Mr B to suffer stress and inconvenience due to the blocks on the account, and unnecessary visits to the branch. So it should pay him £300 for this. It should also pay Mr B £100 for the inconvenience of having his account closed and for the undue delay in the closing balance being sent to him
- NatWest should pay 8% simple interest on the closing balance from 30 September 2022 up until 28 December 2022

Mr B did not agree with what our Investigator said. He explained the cheque was sent in January 2023, NatWest should apologise, pay him £5,000 compensation, and reopen the account.

Mr B also sent our Investigator further information and made several points. Some of the key one's are:

- He was visited by the Police in May 2022 and after asking him some questions about his finances, they were satisfied he wouldn't have any issues in the future
- The letter from NatWest shows he was sent the closing balance in January 2023. He had made incremental withdrawals amounting to £16,000 but was refused the remaining funds around 21 June 2022

Our Investigator reviewed Mr B's complaint again. The findings they made were:

- They now recommend NatWest pay 8% simple interest on the closing balance of £8,000 from 30 September 2022 until 10 January 2023
- Their recommendation of £400 compensation for the distress and inconvenience caused is in addition to the £100 NatWest offered. So it should pay him £500
- They won't be asking NatWest to reopen the account as banks are generally entitled to close an account after giving 60 days' notice
- Typically banks won't send a letter of apology in these circumstances as it believes it acted fairly

NatWest agreed with what our Investigator said it should do to put things right. But it said it would not reopen Mr B's account, nor consider paying £5,000 compensation. NatWest said it apologised for any distress and inconvenience its actions caused.

As Mr B 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 in part. I'll explain why.

I'm very aware that I've summarised the events in this complaint in far less detail than the parties and I've done so using my own words. No discourtesy is intended by me in taking this approach. Instead, I've focussed on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

If there's something I've not mentioned, it isn't because I've ignored it. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome. I do stress however that I've considered everything Mr B and NatWest have said before reaching my decision.

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 hasn't provided all the information we would expect to see to decide if the restrictions it applied were done fairly. Nor has it been able to explain why blocks were placed on the account intermittently between March 2022 and July 2022 – and why it allowed Mr B to withdraw four lots of £4,000 between the blocks being applied.

Given this lack of information, I can't fairly determine NatWest acted in line with its terms of account, and its various obligations when restricting the account. Having said that, I do have enough information to be persuaded Mr B wasn't unfairly deprived of his funds during the time the blocks were applied. So I don't think NatWest need to pay him 8% simple interest during this time.

I note Mr B feels strongly about his complaint and wants an explanation for why NatWest acted the way it did. NatWest is under no obligation to do this, and I can't compel it either to do so.

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 B had to comply with, say that it could close the account by giving them at least two months' notice. And in certain circumstances it can close an account immediately or with less notice.

NatWest hasn't given me the information I'd expect it to do so for me to see it applied its terms fairly in closing the account. But I do note Mr B was given two months' notice, and he was told he had access to his funds. Mr B says he last tried to withdraw funds before NatWest sent him this letter in late July 2022. So I'm not sure why he didn't attempt to gain access to them earlier. So I can only assume that he relied on a cheque being sent to him when the account would close in late September 2022.

I also note from the statements I've seen that Mr B didn't use his account for any regular payments or day-to-day banking. He has said he used it as a savings and secondary account after he reached the protected limits on his other external main account. So I don't think the account being closed caused him substantive distress or inconvenience.

NatWest say it caused delays in sending Mr B a cheque for the closing balance as it should have done so on 30 September 2022, a few days after the closure. I agree NatWest has caused an undue delay here. Because of this Mr B has been deprived of his funds for longer than he should have.

I have seen the copy of NatWest's letter the cheque was attached to and note it was dated 10 January 2023. So I think it's fair NatWest pay Mr B 8% simple interest on the closing balance from 30 September 2022 up until 10 January 2023.

Given Mr B wasn't left without banking services, nor is that currently his predicament, I'm satisfied NatWest doesn't have to reopen his account. Nor do I think it needs to send Mr B a letter of apology, though I note it apologised for any distress and inconvenience its actions have caused him.

This brings me onto what I think is fair compensation. NatWest already accepted it erroneously told Mr B he could access his account when he couldn't. Mr B's also said he made several visits to the branch causing him inconvenience, and that NatWest's staff were unhelpful and at times rude.

I haven't seen any evidence of the staff being rude, but I accept the visits would have caused him inconvenience. I also agree the blocks applied to his account would have caused substantive distress.

Taking this all into account, I'm satisfied £500 is fair compensation for the distress, inconvenience and embarrassment Mr B says he suffered. I note he thinks NatWest should pay £5,000 compensation for the trouble and upset he's had to endure.

But I need to carefully weigh up the impact NatWest's actions have had on Mr B against what I think it's done wrong. Having done that I don't think an award of £5,000 is proportionate to what I've seen.

Putting things right

To put things right, NatWest must:

- Pay Mr B 8% simple interest on the closing balance of £8,000 from 30 September 2022 up until 10 January 2023*
- Pay Mr B £500 compensation for the distress and inconvenience he's suffered

*If NatWest considers it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr B how much it's taken off. It should also give Mr B 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 in part. National Westminster Bank Plc must now put things right as above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 13 October 2023.

Ketan Nagla
Ombudsman