

The complaint

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

What happened

Mr D had a personal account with NatWest.

In February 2023, following a review, NatWest decided to close Mr D's account. NatWest wrote to Mr D giving him 60 days' notice that he needed to make alternative banking arrangements.

Mr D complained to the bank and asked for an explanation behind his account being closed. He said he never received a notice to close letter from the bank and he only found out his account had been closed when his bank card was declined when he was out shopping, which he found upsetting and stressful. NatWest wouldn't give Mr D much information. It said it had closed his account in line with the account terms and conditions and regulatory obligations. And it explained that it had also sent Mr D a letter explaining that his account would be closed to the address it had on file for him. NatWest also said it wasn't obliged to provide Mr D with an explanation behind the closure. So, it didn't uphold Mr D's complaint.

Unhappy with this response, Mr D brought his complaint to our service where one of our investigators looked into what had happened. Mr D told us that he'd been a good customer of the bank for a number of years. He said the account was his main account and NatWest's actions had caused him a great deal of stress and worry. He said his direct debits bounced and his salary wasn't able to be credited to his account, which caused him a lot of problems. He also said he never got a letter from the bank about his personal account being closed, instead he says he got one relating to his business account. So, he says NatWest didn't let him know it was closing his personal account.

The investigator asked NatWest to provide more information about why it had closed Mr D's account. But NatWest said it couldn't provide anything more than it had already provided to us. And it maintained that it hadn't treated Mr D unfairly when it had closed his account. It also pointed out that during the notice period Mr D had full access to his account. NatWest also provided the investigator with a copy of the notice to close letter it sent Mr D.

The investigator said based on the limited information the bank had provided, they couldn't say the bank had treated Mr D fairly when it had closed his account. So, the investigator said NatWest should pay Mr D £100 compensation for any trouble and upset the closure of his account had caused Mr D. They also said NatWest did write to him about closing his account. NatWest accepted what the investigator said. Mr D didn't. He said that the amount of compensation doesn't adequately reflect the amount of trouble and upset he has suffered. He wants more compensation and says he had to take time off work to sort things out with NatWest so should be compensated at his hourly rate, which is around £700. He's also unhappy that NatWest haven't explained why it closed his account.

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, in response to the investigators view, Mr D has said he is concerned that the investigator is biased because they have only partly upheld his complaint– with the implication being that the bank is influencing our conclusions inappropriately. Whilst I do recognise his concern, as an ombudsman service our approach is to consider what both parties say and then reach our own independent conclusions on that evidence. That is what we have done in this complaint. If Mr D does not agree with our view, he does not have to accept it, and if he does not accept this final decision, he will be free to continue to pursue his concerns by other means should he wish to do so. I cannot, however, advise him on how to go about doing that.

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.

Mr D wants NatWest to explain why it no longer wanted him as a customer. But NatWest is under no obligation to tell Mr D the reasons behind the account review and closure, as much as he'd like to know. So, I can't say it's done anything wrong by not giving Mr D this information. And it wouldn't be appropriate for me to require it do so.

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 Mr D's account. The terms explain that the bank can close the account with notice. However, NatWest still 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 no longer wanted Mr D 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 closed Mr D's account. 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 D fairly when it closed his account. Taking this into account, I agree NatWest should pay Mr D compensation for the trouble and upset caused by closing his account.

NatWest agreed to pay £100 as recommended by the investigator. Mr D says this isn't enough. And says he should be compensated based on his hourly rate. I should explain that when we award compensation, we don't usually award compensation on the basis of a complainant's business or professional hourly rate. I haven't seen any evidence that Mr D was acting in his professional capacity when contacting NatWest. Mr D also hasn't provided any evidence that contacting NatWest meant he lost out on income. So, I don't think based on the evidence Mr D suffered a financial loss.

Mr D has also said that his credit file was impacted by NatWest closing his account. And his direct debits bounced, which resulted in him being charged. But again, I've not seen any evidence that this was the case. Having looked at his bank statements during the notice period I can see that Mr D's direct debits appear to be debiting his account. And deposits were being credited. So, it wouldn't be appropriate for me to award compensation for something there is no evidence of.

NatWest agreed to pay £100 as recommended by the investigator. Having considered what Mr D has told us about how the closure of his account 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 a new bank account. But having looked at all the evidence and circumstances of this complaint, I haven't found grounds to increase the level of compensation. I'm satisfied that £100 compensation is a fair amount of compensation and proportionate to the trouble and upset Mr D was caused. So, while Mr D may disagree with me, I won't be asking NatWest to do anything else to resolve this complaint.

Finally, Mr D says NatWest didn't send him a letter informing him that it intended to close his personal account. He says he received a letter, but that this was addressed to his business. NatWest has sent us a copy of the letter it sent to Mr D about his personal account. I can see that the letter is addressed to the address Mr D has provided this service. It is dated 13 February 2023, and relates to Mr D's account ending 9616, which is his personal account. I haven't seen anything to suggest Mr D had problems with his post, and I note he received another letter from the bank relating to his business account which was also sent out on the same date. So, I think it's likely Mr D did receive the letter NatWest sent to him informing him that it was closing his personal account.

My final decision

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

- Pay Mr D £100 compensation for the trouble and upset caused by the bank closing his account

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 16 October 2023.

Sharon Kerrison
Ombudsman