

The complaint

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

What happened

Mr T had accounts with NatWest.

In October 2022, NatWest decided to review how Mr T was operating his accounts. Whilst it conducted its review the bank blocked Mr T's access to his accounts, this meant Mr T couldn't access the funds in the accounts.

Mr T discovered that his account was blocked when he tried to view his accounts online and use his card whilst out shopping. He's explained that he went into a branch to try and find out what was happening with his accounts. He said when he did, the staff were unhelpful and would only tell him to expect a letter from the bank within a few days. However, Mr T never received any letters so made further trips to branch to try and find out what was happening and gain access to the money in his accounts. But each time he visited he was told to expect a letter.

Mr T's accounts were blocked between 13 and 24 October 2022. At the time the balance of his accounts was around £650. Following its review, NatWest decided to close all of Mr T's accounts. The bank wrote to him in December 2022 giving him two months' notice that he'd need to make alternative banking arrangements.

Mr T says he was very upset and frustrated by what the staff said to him when he visited the branch. He's also said because of the block he had to ask friends and family to lend him money which was embarrassing. He said he had no other money of his own so paying for everyday essentials was difficult and the whole situation was very stressful.

Mr T complained to NatWest about the block and closure of his accounts. In response, NatWest said it should have provided Mr T with better service when he asked them about the block in branch. It apologised and paid Mr T £130 compensation for any trouble and upset he'd been caused by having to go into branch on more than one occasion. NatWest said it hadn't done anything wrong when it blocked and closed Mr T's accounts. And it had done so in line with the account terms and its regulatory obligations.

Mr T wasn't happy with this response, so he brought his complaint to our service where an investigator considered it. The investigator asked NatWest to provide more information about why it had blocked and closed Mr T's accounts. But NatWest said it couldn't provide anything more than it had already provided to us. NatWest also said that it was entitled to block and close Mr T's accounts. But accepted it should have done things better than it did when Mr T spoke to them about the block to his accounts each time he visited a branch.

The investigator also asked Mr T for more information about his circumstances at the time his accounts were blocked and the impact of the bank's actions on him. Mr T provided his credit file which showed at the time he had another account with a different bank and access to credit cards.

The investigator said that based on the limited information the bank had provided, he couldn't say the bank had treated Mr T fairly when it had blocked and closed his accounts. He thought the amount of compensation offered by NatWest was fair and reasonable. But he also thought NatWest should pay Mr T 8% interest on the balance of his accounts for loss of use of funds whilst his accounts were blocked. NatWest accepted what the investigator said. Mr T didn't. He wants the bank to explain why it blocked and closed his accounts. And more compensation.

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.

NatWest have important legal and regulatory obligations they must meet when providing accounts to customers. 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. This means NatWest is entitled to block and review an account at any time.

Banks are also entitled to end their business relationship with a customer, as long as this is done fairly, doesn't breach law or regulations and is in keeping with the terms and conditions. In this instance the terms of Mr T's accounts say that in certain instances NatWest can close the accounts with immediate notice and by providing 60 days' notice. NatWest wrote to Mr T in December 2022, giving him two months' notice that it was closing his accounts and that he'd need to make alternative banking arrangements.

I understand Mr T wants NatWest to explain the reason it applied the blocks to his accounts and then closed them. It can't be pleasant being told you are no longer wanted as a customer, more so when like Mr T you've been a long standing customer. But NatWest doesn't disclose to its customers what triggers a review of their accounts. It's under no obligation to tell Mr T the reasons behind the account review and block, as much as he'd like to know. It's also under no obligation to provide Mr T with the reasons it no longer wants him as a customer. So, I can't say it's done anything wrong by not giving Mr T this information. And it wouldn't be appropriate for me to require it do so.

However, NatWest 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 blocked Mr T's accounts and the reasons why it no longer wanted him 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 blocked closed Mr T's accounts. 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 T fairly when it blocked and closed his accounts. Taking this into account, I agree with the investigator that NatWest should pay Mr T compensation for the trouble and upset caused by blocking and closing his accounts.

NatWest has offered to pay Mr T £130 compensation for how it treated Mr T whilst his accounts were blocked. Mr T has explained that when he discovered his accounts were blocked, he visited a branch to try and find out what was happening. He says that when he did so the staff wouldn't give him much information and simply told him to expect a letter that would explain things. But Mr T never received a letter. So, he had to revisit a branch. But each time he was given the same explanation, until his account was unlocked during his last visit on 24 October 2022.

Having considered what Mr T has told us about how the block and closure of his accounts impacted him I've no doubt this was a worrying and upsetting time for him. He wasn't able to access the money in his accounts for just over two weeks and says he had to arrange to borrow money from others. He also had to go to the trouble of visiting a bank branch on more than one occasion when he didn't receive the promised letter from NatWest. So, I'm satisfied that the block and closure of his accounts has caused Mr T trouble and upset. Therefore, I think he should receive compensation for this. NatWest has already paid Mr T £130 compensation. But Mr T wants more.

Having looked at all the evidence and circumstances of this complaint, I haven't found grounds to increase the level of compensation for the trouble and upset he was caused. I'm satisfied that £130 compensation is a fair amount of compensation and proportionate to the trouble and upset Mr T was caused when NatWest blocked and closed his accounts. In reaching this conclusion I've also kept in mind that Mr T had access to other accounts at the time.

In this case Mr H has been deprived of funds in his accounts for around two weeks - money that he should have had available to him to use as he wanted. I can't say for sure what the specific cost of not having these funds available would be. It will have influenced a whole host of decisions about spending and borrowing over that time. With that in mind I'm satisfied awarding 8% simple interest on the amount for the period it wasn't available to Mr H is appropriate. It is a reflection of the cost of being deprived these funds. It's also in line with the statutory interest rate on judgement debts.

My final decision

For the reasons I've explained I uphold this complaint and direct National Westminster Bank Plc to put things right by doing the following:

- Pay Mr T 8% simple interest on the sum of Mr T's accounts from 13 October 2022 until 24 October 2022

HM Revenue & Customs requires National Westminster Bank Plc to withhold income tax from the above-mentioned interest. National Westminster Bank Plc should give Mr T a certificate showing how much is taken off if Mr T asks for one.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 19 October 2023.

Sharon Kerrison
Ombudsman