

The complaint

Mr N complains that National Westminster Bank Plc blocked his accounts twice without providing an explanation. Mr N is also unhappy with the customer service NatWest provided him when it blocked his accounts. He says this caused him unnecessary inconvenience and worry for which he should be compensated.

What happened

Mr N had a number of accounts with NatWest.

On 30 December 2021, Mr N visited a branch to arrange a banker's draft. NatWest asked Mr N some questions about his request and told him to come back the next day when the draft would be issued. Unhappy with how he was treated, Mr N decided to visit a different branch the following day to see if he could get the draft issued. However, when he arrived at the other branch staff told him that his accounts were being reviewed and had been blocked. Mr N's accounts were blocked until 11 January 2022.

Mr N asked NatWest for an explanation, but the bank wouldn't give him much information. Mr N says NatWest made him feel like a criminal by asking him lots of questions. He also said that NatWest didn't call him back after promising to do so, and he was passed from pillar to post each time he contacted NatWest, which added to his upset and frustration. And he had to go into branch more than once to try and sort things out. So, Mr N complained to NatWest.

At the time Mr N was away from home staying in a different part of the country with relatives. He says NatWest told him to stay in the area to sort things out with his accounts and that during a phone call it agreed to cover the costs of his hotel accommodation. Mr N says he followed the bank's instructions, and the rest of his family went back home, which he says caused his marriage to break down, relationships with his family to deteriorate and his health condition to worsen.

In response to Mr N's complaint, NatWest said it should have provided Mr N with better service when he asked them about the banker's draft and should have made it clear to him that *all* of his accounts had been blocked when he visited a branch. It apologised and paid Mr N £100 compensation for any trouble and upset he'd been caused by having to go into branch on more than one occasion and its poor communication. NatWest said it hadn't done anything wrong when it blocked Mr N's accounts. And it had done so in line with the account terms and its regulatory obligations. The bank said it hadn't agreed to cover the costs of Mr N's accommodation. Mr N disagreed. He said NatWest should pay him what it said it would – the costs of his accommodation, phone calls and compensate him for the trouble and upset he was caused, which he said amounted to just over £327.

On 21 June 2022, NatWest blocked Mr N's accounts again. The accounts were blocked until 13 July 2022. Mr N contacted NatWest to try and find out what was happening with his accounts and was promised calls backs and a letter. However, NatWest didn't call Mr N back within the timeframes it agreed. Mr N complained to NatWest, and it agreed that the service

it had provided Mr N fell short of what it expected. It apologised and paid Mr N £75 compensation for any trouble and upset its poor communication had caused Mr N. NatWest said it hadn't done anything wrong when it had blocked Mr N's accounts.

Unhappy with this, Mr N brought his complaint to our service where an investigator considered it. The investigator asked NatWest to provide more information about why it had blocked Mr N's accounts in December 2021 and June 2022. NatWest gave us some information about why it had blocked Mr N's account in December 2021 but said it couldn't provide anything more than it had already provided to us about why it had blocked Mr N's accounts in June 2022.

The investigator reviewed the information and said that NatWest hadn't done anything wrong when it blocked Mr N's accounts in December 2021. And had done so to comply with its legal and regulatory obligations. He agreed that NatWest should have communicated with Mr N more clearly. But thought the £100 compensation NatWest had paid Mr N was fair and reasonable for the trouble and upset Mr N had been caused. He didn't find any evidence that NatWest had told Mr N to stay in the area and that they would cover his costs.

Based on the limited information the bank had provided regarding the second occasion NatWest blocked Mr N's accounts the investigator couldn't say the bank had treated Mr N fairly. He thought the £75 compensation offered by NatWest for its poor service was fair and reasonable. But he also thought NatWest should pay Mr N 8% interest on the balance of his accounts for loss of use of funds whilst his accounts were blocked together with £250 compensation for the trouble and upset caused by NatWest blocking Mr N's accounts.

NatWest disagreed and said it hadn't done anything wrong when it blocked Mr N's accounts in June 2022. Mr N also disagreed. He says NatWest still haven't paid him any compensation and should pay him the £327 it promised him when it first blocked 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.

Account blocks

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.

Having looked at all the evidence NatWest has provided I don't believe it was unreasonable in the circumstances for NatWest to block Mr N's accounts in December 2021. NatWest has explained that this was its standard procedure, and I accept that it was. I'm satisfied that in doing so NatWest were complying with its legal and regulatory obligations. So, whilst I accept, the bank's actions caused Mr N inconvenience and upset when it decided to block his accounts and asked him to provide information, I can't say the bank did anything wrong and treated him unfairly in doing so.

However, despite being asked by the investigator, NatWest hasn't provided this service with much information about its reasons for blocking Mr N's accounts for a second time in June 2022. NatWest needs to provide information to this service so we can fairly decide a complaint. I've considered what NatWest has said about why it won't provide further information to our service about the reasons it blocked Mr N's accounts in June 2022. 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 N fairly when it blocked his accounts. Taking this into account, I agree with the investigator that NatWest should pay Mr N compensation for the trouble and upset caused by blocking his accounts.

I've considered what Mr N has said about how NatWest's actions impacted him. I've no doubt this was a worrying and upsetting time for him. But I'm satisfied that £250 compensation along with 8% simple interest on his account balances recommended by the investigator recognises the impact NatWest's actions had in the overall circumstances of this complaint. So, I won't be directing NatWest to pay any more to resolve this aspect of Mr N's complaint.

I understand Mr N wants NatWest to explain the reason it applied the blocks to his accounts. But NatWest doesn't disclose to its customers what triggers a review of their accounts. It's under no obligation to tell Mr N the reasons behind the account review and block, as much as he'd like to know. So, I can't say it's done anything wrong by not giving Mr N this information when it blocked Mr N's accounts in December 2021 and June 2022. And it wouldn't be appropriate for me to require it do so.

Service issues

There isn't a set formula that we use to calculate awards for particular mistakes or poor service. It's my role to consider what impact NatWest's actions have had on Mr N and decide, within guidelines set by our service, whether compensation would be appropriate in the circumstances.

I've considered what Mr N has said about how NatWest's actions impacted him. And I've looked at the evidence he's sent in, which includes notes he's made about his contact with the bank staff in December 2021 and January 2022. Mr N says NatWest told him to stay in the area he was visiting in December 2021, which was a different part of the country to where he lived, whilst it completed its review and agreed to cover the costs of his accommodation, phone calls and travel.

We've asked NatWest about this, and they don't have any evidence that this was agreed. Given how long bank's generally take to complete account reviews, which is normally 10 days, and that the review took place over the Christmas holiday season, which could have prolonged things I think it's unlikely that NatWest suggested it would cover all of Mr N's costs. I note too that from looking at the bank's contact notes Mr N told the bank he was staying with relatives. So, I find it surprising that the bank would agree to cover the costs of a hotel, as Mr N has suggested, when Mr N wasn't actually staying in one. However, even if I were to accept what Mr N has said, I wouldn't be directing NatWest to pay Mr N what he wants as I don't think NatWest did anything wrong when it blocked Mr N's accounts in December 2021.

Based on the evidence I've seen I think it's fair to say NatWest's service fell short during the two occasions it blocked Mr N's accounts. The bank didn't communicate very well with Mr N. I say this because Mr N didn't receive the call backs' he was promised, and he was passed around different departments trying to find out what was happening with his accounts.

NatWest also didn't make it clear to Mr N that all his accounts were blocked. So, I can appreciate this would've been frustrating and upsetting for Mr N. And I agree some compensation is appropriate for this. NatWest has accepted it should have provided Mr N with better service. It has apologised and paid Mr N a total of £175 compensation for its poor communication - £100 on 14 January 2022 and a further £75 on 14 July 2022.

I'm satisfied that the compensation already paid recognises the impact NatWest's poor service had in the overall circumstances of this complaint. So, I won't be directing NatWest to pay any more to resolve this aspect of his complaint. I should also add that having looked at Mr N's account statements I can see that the compensation has already been paid to Mr N.

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 N £250 compensation for the trouble and upset caused by the bank blocking his accounts in June 2022
- Pay Mr N 8% simple interest on the sum of Mr N's accounts from 21 June 2022 until 13 July 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 N a certificate showing how much is taken off if Mr N asks for one.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 15 November 2023.

Sharon Kerrison
Ombudsman