

The complaint

Mr F complains that National Westminster Bank Plc blocked his account and didn't allow him access to funds paid into his account. He's also unhappy that his address details were incorrect and with the service he received.

What happened

Mr F had an account with NatWest, which he used to receive his benefit payments. The account had an overdraft facility.

In early April 2021, NatWest reviewed Mr F's account. Following its review the bank decided to close Mr F's account and on 21 April 2021, it wrote to him giving him 60 days notice that he needed to make alternative banking arrangements. The letter stated that Mr F would have to repay any money owed to the bank and wouldn't be able to use his bank card. After the notice period lapsed Mr F wasn't able to use his account. NatWest closed the account on 16 September 2021.

Mr F says he never received the closure letter NatWest sent to him as the bank had an incorrect address recorded for him on its systems so he wasn't aware his account was going to be closed. He says he only found out there was a problem with his account when his bank card stopped working.

Mr F has said that he's lived on and off overseas since 2017 and relied on his benefit funds to pay for accommodation and general living expenses whilst abroad. Mr F was living overseas when NatWest decided to close his account. He says when his bank card stopped working he was unable to access his benefit payments which he received from the UK Department of Work And Pensions (DWP) every month.

Mr F says he called NatWest but the bank refused to allow him access to his benefit payments which had been paid into his account. Mr F says because of NatWest actions he was left homeless and unable to pay for food. As a result he says he had to sleep rough and steal food which led to him being arrested and eventually deported back to the UK. Mr F says NatWest have kept his benefit money so he has lost out financially. He wants NatWest to refund him his benefit payments and pay him compensation for the trouble and upset he suffered.

Mr F is also unhappy with the service he received from NatWest. He's said he tried to gain access to his funds but when he called the bank staff hung up on him and were rude to him. He says when he went into branch staff called the police. And he wasn't able to access his account when he visited a branch, despite NatWest telling him this would be possible. So he says he wasted time travelling to a branch. Mr F says NatWest also told him that he would receive his closing balance within three to five days but he had to wait much longer. He also says NatWest told him that his balance would be paid into his other bank account. But he wasn't told he'd need to complete a form for this to happen. So he had to wait longer to get his money.

Mr F complained to NatWest. In response the bank said it hadn't done anything wrong when it decided to close Mr F's account and the address details it had for him was based on information Mr F had provided. NatWest also explained that at the time Mr F's June 2021 and July 2021 benefit payments credited his account he was overdrawn by over £800, which had then left a balance of just over £18, which was returned to Mr F. So it hadn't denied Mr F access to his benefits.

NatWest accepted that it had given Mr F incorrect information when it told him it could pay his remaining balance into an external account instead of him having to complete a funds release form. And when it told Mr F he would be able to withdraw his funds at a branch. The bank also said a call it had had with Mr F had been wrongly disconnected. NatWest apologised and paid Mr F £50 compensation for any trouble and upset this had caused him. Mr F wasn't happy with the bank's response. So he brought his complaint to our service. He says NatWest are still withholding around £800 of his benefit money, which he thinks is illegal. And that NatWest actions left him homeless. So he wants more compensation and his benefit money refunded to him.

One of our investigator's looked into Mr F's complaint. She issued a view which said that NatWest hadn't done anything wrong when it had closed Mr F's account. But she thought NatWest should have allowed Mr F access to his benefit payments, even though his account was overdrawn at the time. To put things right she said NatWest should pay Mr F £150 compensation for the inconvenience caused by the bank denying him access to his benefit funds. And she said it should refund Mr F the benefit payments he'd received in June 2021 and July 2021. NatWest disagreed and pointed out that Mr F's account had been overdrawn when both benefit payments had credited his account. And if it refunded Mr F he'd now owe the bank money.

Mr F responded to the view and said that he wasn't really concerned about the bank closing his account. He just wanted his benefit money returned to him. He said he was also unhappy about the bank not having correct address details for him. And said it had changed his details without his consent.

Following the responses, the investigator reviewed things again and issued a further view. She said Mr F owed NatWest money at the time his benefit payments credited his account because his account was overdrawn, and Mr F would end up owing NatWest money if it refunded him his benefit payments. So she was no longer recommending NatWest refund the benefit payments to Mr F. She also said she didn't have enough evidence to conclude NatWest had changed Mr F's address details without his consent. The investigator remained of the view that NatWest should pay Mr F £150 compensation for the trouble and upset he'd been caused by not having access to his benefit funds.

NatWest agreed. Mr F didn't. He said he is now being pursued by DWP to repay in excess of £6,000 in benefit payments he'd claimed. And that he now has to repay the money because he was living outside of the UK. He maintains that NatWest have withheld his benefit payments since 2021 which it's not allowed to do. And wants the funds returned to him as he needs the money to repay the DWP debt. He also explained that he is struggling financially on a reduced income since returning to the UK.

As no agreement could be reached the matter came to me to decide. After looking at all the available evidence I issued a provisional decision in which I said the following;

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 that Mr F and NatWest have said before reaching my provisional decision.

I would add too that our rules allow us to receive evidence in confidence. We may treat evidence from banks as confidential for a number of reasons – for example, if it contains security information, or commercially sensitive information. Some of the information NatWest has provided is information that we considered should be kept confidential. This means I haven't been able to share a lot of detail with Mr F, but I'd like to reassure him that I have considered everything.

NatWest are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. They're also required to carry out ongoing monitoring of new and existing relationships. That sometimes means they need to restrict customers' accounts – either in full or partially while they carry out their review. Having looked at what's happened, it appears Mr F's account flagged for review.

At times, following a review, banks sometimes choose to end their relationship with customers. This can be due to a number of reasons and a bank isn't obliged to give a reason to the customer. Just the same as if Mr F decided to stop banking with NatWest, it wouldn't have to explain why. Based on what NatWest has shared with me, I'm satisfied their actions were wholly appropriate in the circumstances.

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 F's account. The terms explain that the bank can close the account with notice. I've considered the full circumstances of this complaint and I agree NatWest were entitled to close the account and I'm pleased to see they gave Mr F the full 60 day notice period to allow him to arrange other banking facilities – albeit Mr F has said he isn't concerned about the closure of his account.

NatWest said it wrote to Mr F to let him know it had decided to close his account on 21 April 2021, and sent the letter to the address it had registered for him on their systems. Mr F says he never received the closure letter and he only discovered there was a problem with his account when his bank card stopped working. NatWest hasn't been able to provide a copy of the closure letter it says it sent to Mr F. Instead it has provided a copy of notes relating to Mr F's account that show a closure letter was sent on 21 April 2021 to Mr F about its decision to close his account.

The bank has said that it sent the letter to the address it had on record for Mr F at the time, which is in line with the terms and conditions of the account - albeit Mr F wouldn't have received the letter as he was overseas and appears to have been since at least early 2020. NatWest has also confirmed that a customer can change their contact details in person, online, via telephone banking or in writing.

Mr F says he has fulfilled his responsibilities as a customer and kept the bank updated about his addresses. I don't agree. I say this because it appears Mr F was living overseas. And from looking at the bank's notes he didn't inform NatWest about this until June 2021. Mr F says he gave his address to a branch manager when changing it. But NatWest registered both the first line of the address and postcode incorrectly. He says it was then changed to an address related to his father without his knowledge or consent. And that the address change is reflected in the final response letters NatWest sent to Mr F.

I've looked at the address history NatWest held for Mr F and the final response letters sent to Mr F in June 2021 and November 2021. I've also looked at the notes relating to the contact Mr F had with NatWest, and actions it took regarding his account between June 2021 and September 2021. I haven't seen any evidence that NatWest has changed Mr F's address without his consent. But it does appear that the bank had the wrong address for Mr F.

I say this because the final response letter NatWest sent to Mr F via email on 29 June 2021 had a different post code, which Mr F says relates to an incorrect address. I can also see from the contact notes that NatWest had a different address recorded for Mr F in June 2021 and that his address details were incomplete. So I'm not convinced NatWest had the right address information recorded for Mr F or how the bank informed Mr F that his account was going to be closed. Based on this I'm not currently satisfied that NatWest closed Mr F's account in line with terms and conditions. However, Mr F should have kept the bank updated of his address abroad - but even taking that into consideration the bank had the wrong address so the notice to close letter probably wouldn't have been received by Mr F. Normally that would mean Mr F would be entitled to compensation because of the bank's error but in this case, there is no impact on Mr F because he wouldn't have got the letter anyway.

I've next considered Mr F's complaint about NatWest not allowing him access to his benefit payments. From looking at his account statement I can see that Mr F was making transactions up to to the time the account was closed – throughout the 60 day notice period. I can also see that Mr F received and spent benefit payments he received on 23 April 2021 and 25 May 2021. So I can't say NatWest stopped Mr F accessing the funds in his account during the notice period.

At the end of the notice period, Mr F's account was overdrawn by just over £800. From looking at the account statements two benefit payments totalling just over £820 credited his account on 25 June 2021 and 26 July 2021. Because Mr F's account was overdrawn these payments paid off his overdraft leaving him with a balance of just over £18 in credit. I know Mr F has said that NatWest denied him access to his benefit payments but at the time the account was overdrawn and the credits cleared the debt. So I can't see how Mr F has lost out financially. He owed the bank around £800 – which was money he'd had the benefit of in the months prior to when his account was closed. I've also kept in mind what Mr F has told us about DWP pursuing him to repay the benefit money he received whilst living overseas. With this mind, it wouldn't be fair or reasonable for me to direct NatWest to refund Mr F money he doesn't appear to be entitled to in the first place.

Turning next to the service Mr F received from the bank. I think there were a number of customer service issues which have had an impact on Mr F. Individually, these weren't significant. But when Mr F had to face multiple problems, I think the distress, frustration, annoyance, and inconvenience he experienced was compounded – particularly given his circumstances.

Having looked at all the circumstances and the evidence, I think that the level of customer service fell below what Mr F could rightly expect to receive from NatWest. Although NatWest have apologised and paid Mr F £50 compensation, I don't think this goes far enough to fairly recognise the impact on Mr F. NatWest told Mr F that it could pay his remaining balance into an bank account. However, this wasn't quite right. Before this could happen Mr F had to complete a funds release form. This wasn't explained to Mr F so he had to wait longer to access his balance. NatWest also incorrectly told Mr F he would be able to withdraw his funds at a branch. So Mr F wasted time visiting a branch. The bank also said a call it had had with Mr F had been wrongly disconnected.

Taking everything into account, I think NatWest Bank should pay Mr F a further £100 compensation to fairly recognise the distress and inconvenience Mr F was caused – taking the total amount of compensation to £150.

NatWest accepted my provisional decision. Mr F didn't. In summary he said:

- He is entitled to the £840 benefit money that was paid into his account and the bank should return this to him.
- It is unfair that benefit money was used to repay his overdraft and he had a right of first appropriation of these funds
- The bank changed his address without his consent
- He isn't concerned about the closure of his account
- He wants compensation for the trouble and upset the bank's actions caused him

Prior to issuing my decision I asked the investigator to get some more information from NatWest and Mr F about what had happened. In particular I asked Mr F for more information about his entitlement to the DWP payments he received, where he was living and the comments, he made in an email to our service on 5 April 2023 in which he said: *'also I'm being asked to repay over £6,000 in benefit money over 18 months (including the £840) as I was out of the country.'*

Mr F responded on 18 June 2023 and said:

- The email he sent to us on 5 April 2023 was sent very early in the morning and contained many grammatical mistakes, and should have read that the £840 *wasn't* included
- He wasn't living overseas at the time and was in the UK when he received the payments so was entitled to the benefit money.
- He provided paperwork showing he was able to claim DWP benefits since returning to the UK
- He had complied with all requirements to be able to claim benefits

Mr F sent us a further response on 20 June 2023. He provided another letter he'd received from DWP dated 16 June 2023 which stated DWP planned to refund excess money it had recovered from him. Mr F also said:

- *'What the letter doesn't tell you is they asked me to repay the sanctions over 11 and half years (£6000, + repaid at £50 a month), INCLUDING THE £840 or whatever it was. The DWP isn't that unreasonable'*
- He was living in the UK and there is a valid personal reason to explain the spending from his account overseas. So, I shouldn't rely on his bank statements as evidence he was living overseas
- He wants the £840 that was paid into his account from DWP returned to him

NatWest responded and said:

- It suspected Mr F wasn't entitled to the DWP payments
- It didn't have a process to return the money to DWP

Now both sides have had an opportunity to comment I can go ahead and issue my 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.

In response to the provisional decision, Mr F has raised a number of concerns, which I'll now address below.

The crux of Mr F's complaint is that he wants the benefit money paid into his NatWest account refunded to him. In response to my provisional decision Mr F has made a number of representations about why he should be refunded. He's also provided letters he's received from DWP he says supports why the money should be returned to him.

I've read all of Mr F's submissions and looked at the paperwork he's submitted. Having done so, I'm not convinced by Mr F's explanation that the information in his email on 5 April 2023 was incorrect due to grammatical errors. I say this because he repeated and expanded on the information in his email dated 20 April 2023, going into detail about the repayment arrangements he'd made with DWP about repaying the payments he'd received. So, I'm not satisfied that this information shows Mr F is entitled to the benefit payments that were paid into his NatWest account.

Mr F has also submitted that he was in the UK, so he was able to claim DWP payments. He's said that I shouldn't rely on his bank statements which shows activity on his account taking place overseas. He's said he has personal reasons to explain the overseas spend. But he hasn't elaborated any further. I've thought about what Mr F has said about his whereabouts and entitlement to the funds. But I'm not persuaded by what he's said. I say this because Mr F hasn't disputed any of the transactions that were made outside of the UK. So, I think it is reasonable to conclude that it was Mr F making the transactions overseas. Given the length of time and frequency of the transactions I also think it reasonable to conclude that Mr F was living outside of the UK, and therefore, according to DWP regulations, he was not entitled to claim DWP benefits for as long as he did.

Mr F has argued that he has the first right of appropriation to the benefit funds paid into his account. And that it was unfair for NatWest to withhold the funds from him and use them to clear his overdraft. At the time Mr F's account was overdrawn and the benefit credits cleared the debt. So I can't see how Mr F has lost out financially. He owed the bank around £800 – which was money he'd had the benefit of in the months prior to when his account was closed. I've also kept in mind that if NatWest had returned the money to DWP he'd still owe this money to the bank. And whilst I appreciate Mr F's responses to my provisional decision, I've still not seen any evidence that persuades me Mr F was entitled to the DWP money in the first place – despite the fact that NatWest used the money to clear Mr F's overdraft. With this mind, it wouldn't be fair or reasonable for me to direct NatWest to refund Mr F money he doesn't appear to be entitled to in the first place.

Mr F has also said that NatWest changed his address without his consent. I've looked at the address history NatWest held for Mr F and the final response letters the bank sent to him in June 2021 and November 2021. I've also looked at the notes relating to the contact Mr F had with NatWest, and actions it took regarding his account between June 2021 and September 2021. Having done so, I haven't seen any evidence that NatWest changed Mr F's address without his consent. But based on what Mr F has told us and from looking at the information available to me, including the bank's customer notes dated 20 April 2021, and final response letters NatWest sent to Mr F, it does appear that the bank had the wrong address recorded for Mr F.

I've thought about the impact this had on Mr F. NatWest said it sent the notice to close letter to the addresss it had on file for him, but this was incorrect. So I think it's unlikely Mr F would have received the letter. As a result he wouldn't have been aware the bank was closing his account. Normally that would mean Mr F would be entitled to compensation because of the banks error but in this case, there is no impact on Mr F because he wouldn't have got the letter anyway due to him being overseas. I also haven't seen any other evidence that this had a detrimental impact on Mr F. So, I won't be awarding Mr F any compensation for the bank having the wrong address recorded for him.

Turning next to the service Mr F received from the bank. As I said in my provisional decision, I think there were a number of customer service issues which have had an impact on Mr F. NatWest have accepted the service it provided Mr F fell short. It has apologised and paid Mr F £50 compensation, but I don't think this goes far enough to fairly recognise the impact on Mr F.

NatWest told Mr F that it could pay his remaining balance into an bank account. However, this wasn't quite right. Before this could happen Mr F had to complete a funds release form. But this wasn't explained to Mr F so he had to wait longer to access his balance – 10 days instead of the usual 3 -5 days. NatWest also incorrectly told Mr F he would be able to withdraw his funds at a branch. The bank also told Mr F that he would be able to access his account balance if he visited a branch, again this wasn't right. So Mr F wasted time visiting a branch. I note too that when Mr F tried to call NatWest to find out how he could access his funds staff wrongly disconnected the call. So, I'm satisfied Mr F was caused trouble and upset by NatWest's actions.

Individually, these weren't significant. But when Mr F had to face multiple problems, I think the distress, frustration, annoyance, and inconvenience he experienced was compounded – particularly given his circumstances. Having looked at all the circumstances and the evidence, I think that the level of customer service fell below what Mr F could rightly expect to receive from NatWest. Taking everything into account, I think NatWest Bank should pay Mr F a further £100 compensation to fairly recognise the distress and inconvenience Mr F was caused by its poor service – taking the total amount of compensation to £150.

In conclusion, whilst I take on board Mr F's comments, I see no reason to depart from my provisional findings. My final decision therefore remains that I partly uphold the complaint and direct NatWest to settle the complaint as detailed below.

My final decision

For the reasons I've explained, my final decision is that I partly uphold M F's complaint against National Westminster Bank Plc.

To put things right, National Westminster Bank Plc should do the following:

- Pay Mr F a further £100 compensation for the trouble and upset caused by its poor service

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 25 October 2023.

Sharon Kerrison
Ombudsman