

## **The complaint**

Mr A complains that National Westminster Bank Plc unfairly withheld his funds after they closed his accounts.

## **What happened**

Ms A held an account with NatWest. In July 2022 they conducted a review of his accounts and asked him for some further information about some payments he'd received. Mr A explained why he'd received the money but wasn't able to provide any proof of entitlement to the funds.

NatWest decided to close Mr A's accounts, giving him two weeks' notice, but they continued to retain the funds in the account – which was about £36,000.

Mr A complained to NatWest about the closure and the funds not being released to him. NatWest responded to say that they'd closed the account in line with their terms but would not discuss the exact reasons. They said their review of his account was ongoing and they would release the funds when this was complete.

Unhappy that his funds hadn't been returned Mr A referred his complaint to our service. Before it was looked at by an investigator NatWest agreed to refund £14,615.10 to him. They arranged a transfer to Mr A's bank, but he said he hadn't received it.

One of our investigators thought the complaint should be upheld. They felt Mr A hadn't received the funds – and on reviewing the figures provided felt NatWest should return around £16,000 to him. They also felt NatWest should pay 8% simple interest per annum on top in recognition of the delays in returning these funds.

Mr A accepted this to resolve the complaint. But NatWest provided further information on the amount they were returning. NatWest also found the money from Mr A's transfer, which had been made using the wrong name causing Mr A's bank to reject it. A second investigator reviewed the complaint and was satisfied that the £14,615.10 figure NatWest had calculated was correct. But they agreed NatWest had caused delays in returning the funds to Mr A and suggested £100 compensation.

NatWest arranged to transfer the funds to Mr A. But Mr A disagreed with this as an outcome, saying the delay in sending the funds had caused him to miss paying rent, and incur other expenses. He asked why he had originally been awarded a higher figure. But the investigator remained content that the right figure was returned to him, and didn't feel more compensation was warranted.

As no agreement could be reached the complaint has 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.

It's right to say that NatWest, like all regulated financial businesses in the UK, have strict legal and regulatory obligations to meet when providing accounts to their customers. These obligations mean they're required to monitor account activity, and on occasion ask for further information about payments into accounts. If there are concerns, then they may also need to block accounts and withhold funds while they carry out an investigation. There is provision for this in the terms of Mr A's account.

In this case I can see NatWest asked Mr A about several payments into his account and restricted his account while they investigated. NatWest aren't under any specific obligation to explain why they're carrying out a review and have already declined to do so. It wouldn't be appropriate for me to detail these in full here – our service's rules say that certain evidence can be provided to us in confidence, and I'm satisfied this applies here. But from what I've seen I'm satisfied that NatWest's concerns were legitimate, and it was reasonable for them to restrict the account.

There's no specific timeframe I'd expect reviews to be completed in, but they generally should be done as quickly and efficiently as possible. In this case I've seen nothing to suggest there were any unnecessary delays caused by NatWest.

NatWest's terms also outline when they can end a relationship with a consumer. Generally, these requires two months' notice to be given. But in this case as Mr A's account was restricted before closure, I consider it to have been in practice closed with no notice. There are provisions for a no notice closure in the terms, which I have considered. Overall I'm satisfied that they apply here, and it was reasonable for NatWest to close the account with no further notice.

From NatWest's records, when asked for proof of entitlement to funds paid into his accounts Mr A explained he didn't know the payees personally, but they sent funds in relation to investments and businesses Mr A did business with. However there doesn't appear to be any documentary evidence to support this. The outbound payments appear to go to another account in Mr A's name – rather than the investment company Mr A has said they were for. From a copy of a contract Mr A has sent our service I can see an agreement between a limited company of which he is the director and an investment firm, but this doesn't demonstrate to me why he received the funds from the senders to a personal account. I can see why NatWest would have concerns, and I can't say that Mr A has demonstrated his entitlement to these funds.

On that basis I don't see the amount NatWest returned to Mr A was unreasonable. If Mr A can't demonstrate his entitlement to the funds, then NatWest aren't under any obligation to release them to him. Based on the balance of the account at the point the account was restricted, less the deduction of funds where Mr A couldn't demonstrate his entitlement, I'm satisfied the figure of £14,615.10 is more than fair.

I understand NatWest have now sent the funds to Mr A with the correct details. But if it is returned at any point, or there are any further issues, then NatWest should do their best to return the funds to Mr A as quickly as possible.

But NatWest did cause further delays in returning the funds by using the wrong name on the beneficiary account, and then not being able to locate the funds when they were returned. In the circumstances I've considered the evidence Mr A has submitted about his rent arrears – but the date of the initial claim against him is from a period I consider it reasonable for NatWest to have blocked his account. In any case I've not seen evidence that persuades me

these arrears were down to the actions of NatWest, or that they should reasonably be liable for them.

Taking in to account the delays in returning the funds to Mr A, I'm satisfied a total of £100 compensation is a fair reflection of the impact.

### **My final decision**

My final decision is that National Westminster Bank Plc must

- Ensure the £14,615.10 is returned to Mr A
- Pay him £100 compensation
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Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 17 November 2023.

Thom Bennett  
**Ombudsman**