

The complaint

Mr S complains National Westminster Bank Plc (“NatWest”) restricted and closed his accounts without explanation. Mr S adds that NatWest has provided poor customer service and its actions have caused him substantive distress and inconvenience.

What happened

Following a review, NatWest blocked Mr S’ accounts in late July 2022. The blocks were shortly removed around a week later in early August 2022. On 7 September 2022, NatWest sent Mr S a letter notifying him that it had decided to close his accounts, and it would do so in two months’ time.

NatWest also explained in that letter that if Mr S had not removed his funds by 6 November 2022, balances above £20,000 will be held centrally by it. And if that happened, Mr S would need to complete a reclaims process form and show proof of his identity and address at a branch. Mr S had around £125,000 in his accounts with NatWest.

NatWest closed two of Mr S’ accounts in December 2022 and the third, and last, account in January 2023.

Mr S was unhappy that some of his direct debit payments weren’t made when the accounts were blocked and later closed. He’s also unhappy that promises of calls and meetings with NatWest never materialised.

Unhappy with NatWest’s actions, Mr S complained. NatWest didn’t uphold Mr S’ complaint. In summary it said:

- NatWest has complied with its terms, conditions, and legal obligations when restricting Mr S’ accounts
- NatWest apologised for failing to provide accurate information concerning a call Mr S was told he would receive - and for failing to properly manage his expectations about its actions
- But NatWest’s branch and front-end staff wouldn’t have been able to give Mr S the information he wanted about his account restrictions. Mr S should have been told to wait for a letter from a specialist department. Unfortunately no correspondence was drafted, and NatWest appear to have given Mr S incorrect information
- NatWest hasn’t made any errors regards its review and account restrictions

Mr S referred his complaint to this service.

Mr S completed NatWest’s ‘Reclaim of Funds Request’ form in July 2023 and shortly after withdrew his funds from a branch. Mr S explained he didn’t withdraw his funds when he was sent his notice of closure letter in September 2022 because NatWest carried out a similar review in 2017 after which it didn’t close his accounts. So Mr S thought NatWest would change its mind again.

Mr S also explained that he didn't fill in the form and go to branch any sooner because he was busy and left it to this service to help him get his funds back. He also had other funds elsewhere - so that's why he was able to wait.

One of our Investigator's looked into Mr S' complaint. They recommended it be upheld in part. In short, they found:

- NatWest is entitled to review and block an account at anytime
- NatWest has not provided sufficient information to show it closed Mr S' accounts fairly and in line with its terms and conditions
- Mr S wasn't given accurate information by NatWest about what information he should expect it to give him
- Mr S assumed NatWest would change its mind about closing his accounts based on what he says it did 2017. Also, had Mr S completed the reclaim of funds form as he should have in September 2022, the funds would've been released to him much sooner. So any delay in the funds being released was because of Mr S' actions
- Mr S has been caused distress and inconvenience by NatWest for how the closures of his accounts were handled by it. So NatWest should pay Mr S £200 compensation for the distress and inconvenience he's suffered for the poor customer service it has provided

NatWest accepted the outcome recommended by our Investigator. Mr S didn't agree with what our Investigator said.

Mr S said £200 compensation was insulting because NatWest stopped his direct debits in August 2022, told him his accounts were fully operational only to close them a few months later in November 2022. As a result he incurred fees from the creditors.

Mr S says he likely spent over 100 hours trying to resolve things with NatWest through email, phone, and visits to a branch. Mr S adds that he provided NatWest with all the information it requested from him as part of its review. And he always felt that it wouldn't close his accounts as was the case after a similar review in 2017.

Mr S wants NatWest to compensate him properly for its failings.

As there is no agreement, this complaint has now 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.

Having done so, I've decided to uphold this complaint in part. I'll explain why.

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 Mr S and NatWest have said before reaching my decision.

Banks in the UK, like NatWest, are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. They are also required to carry out ongoing monitoring of an existing business relationship. That sometimes means banks need to restrict, or in some cases go as far as closing, customers' accounts.

NatWest acted in line with its obligations when it decided to review and restrict Mr S' accounts. NatWest restricted Mr S' accounts for around a week between July and August 2022. I'm satisfied it didn't cause any avoidable delay here.

As NatWest was acting in line with its obligations, though unfortunate, I'm persuaded it's not responsible for any failed direct debits and related charges.

NatWest is entitled to close an account just as a customer may close an account with it. But before NatWest closes an account, it must do so in a way, which complies with the terms and conditions of the account.

The terms and conditions of the account, which NatWest and Mr S had to comply with, say that it could close the accounts by giving him at least 60 days' notice. And in certain circumstances it can close an account immediately or with less notice.

NatWest gave Mr S 60 days' notice during which he had full access to his accounts. NatWest has provided further information to me. Having carefully considered this, I'm satisfied it has acted in line with the terms of the accounts in closing them in the way it has.

I know Mr S would like a detailed explanation as to why NatWest acted in the way it did. But NatWest is under no obligation to do so. 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 we consider should be kept confidential.

Mr S has said he thought NatWest wouldn't close his accounts given they reverted from such action in 2017. He also says he didn't follow the release of funds process as detailed in his notification of closure letter in September 2022, as he was busy, had access to other funds, and so he left the matter to this service to resolve.

I haven't seen anything to show NatWest suggested, or did anything else, to indicate it wouldn't go ahead with closing Mr S' accounts in 2022. And given Mr S consciously decided to not follow NatWest's directions to retrieve his funds, I'm satisfied it isn't responsible for the time he was deprived of them.

NatWest has accepted that its communications and customer service fell way short. Mr S has said that several promised call backs were not made to him, and meetings arranged in branch were not kept. Mr S estimates that he spent over a hundred hours trying to get meaningful answers and updates. It's highly likely NatWest's front-end staff wouldn't have been able to give Mr S an explanation. But had NatWest's specialist department written to Mr S quite early on, as it says it should have, he would most likely have been saved the avoidable distress and inconvenience he's suffered.

After carefully weighing this up, I'm satisfied £200 is fair compensation for the distress and inconvenience Mr S has suffered because of the poor communication and customer service NatWest has provided to him.

Mr S has said £200 isn't fair redress and he finds the amount an insult. I'm sorry Mr S feels like that, but the compensation I'm awarding is for NatWest's poor communication and customer service in isolation. As I've said earlier, NatWest hasn't done anything wrong in blocking and closing Mr S' accounts, so it doesn't need to compensate him for any distress and inconvenience this may have caused him.

My final decision

For the reasons above, I've decided to uphold this complaint in part. National Westminster Bank Plc must now pay Mr S £200 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 4 March 2024.

Ketan Nagla
Ombudsman