

The complaint

Mrs T complains that National Westminster Bank Plc blocked and closed her account without providing an explanation or warning. She says this caused her unnecessary inconvenience and worry for which she should be compensated.

What happened

Mrs T was a long standing customer of NatWest.

In September 2022, NatWest decided to review how Mrs T was operating her account. Whilst it conducted its review the bank blocked Mrs T's access to her account, this meant Mrs T couldn't access the funds in the account. NatWest blocked Mrs T's account for ten days. Following its review NatWest decided to close Mrs T's account and gave her 60 days' notice to find another account. Mrs T had full access to her account during the notice period.

Mrs T complained to NatWest about the block and closure of her account. NatWest said it hadn't done anything wrong and had complied with the terms and conditions of the account. The bank also explained that it didn't have to provide Mrs T with the reasons for its actions and that it had written to Mrs T advising her about the review. And told her to move her direct debits to mitigate any impact on her regular outgoings.

Unhappy with this response Mrs T brought her complaint to our service. Mrs T says she called NatWest on several occasions trying to find out why she couldn't access her account. But NatWest wouldn't give her much information. Mrs T has also said that she made a number of trips to branch, which given she uses a wheelchair was difficult and exhausting. She wants NatWest to apologise, explain why it closed her account and pay her compensation for the trouble and upset its actions caused her.

One of our investigator's reviewed Mrs T's complaint and asked NatWest to provide more information about why it had blocked and closed Mrs T's account. NatWest said that it was entitled to block and close Mrs T's account. But said it couldn't provide anything more than it had already provided to us. The investigator said that based on the limited information the bank had provided, he couldn't say the bank had treated Mrs T fairly when it had blocked and closed her account. So, he said NatWest should pay Mrs T £100 compensation for the trouble and upset she'd been caused by the bank's actions.

NatWest accepted the investigator's recommendation. Mrs T didn't. She said that the compensation isn't enough to make up for the sleepless nights, upset and inconvenience that the block and closure of her account caused. Mrs T says she is also a vulnerable customer due to her disability. She wants more compensation and NatWest to provide a proper explanation for why it blocked and closed her 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.

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 Mrs T's account say that in certain instances NatWest can close the account with immediate notice and by providing 60 days' notice to a customer. And it doesn't have to provide a reason for doing so.

NatWest wrote to Mrs T in November 2022, giving her 60 days' notice that it was closing her accounts and that she'd need to make alternative banking arrangements.

I understand Mrs T wants NatWest to explain the reason it blocked and closed her account. It can't be pleasant being told you are no longer wanted as a customer – especially after being a customer of NatWest for as long as Mrs T had. But NatWest doesn't disclose to its customers what triggers a review of their accounts to its customers. It's under no obligation to tell Mrs T the reasons behind the account review and block, as much as she'd like to know. It also doesn't have to provide Mrs T with the reasons it no longer wants her as a customer. So, I can't say it's done anything wrong by not giving Mrs 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 and closed Mrs T's account. I've considered what NatWest has said about why it won't provide further information to our service. And the information it has provided about why it blocked and closed Mrs T's account. 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 Mrs T fairly when it blocked and closed her account. Taking this into account, I agree with the investigator that NatWest should pay Mrs T compensation for the trouble and upset caused by blocking and closing her account.

The investigator said that NatWest should pay Mrs T £100 compensation. Mrs T doesn't think this is enough and wants more. I should explain that 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 Mrs T and decide, within guidelines set by our service, whether compensation would be appropriate in the circumstances.

I've considered what Mrs T has said about her circumstances and how NatWest's actions impacted her. I've no doubt this was a worrying and stressful time for Mrs T. Mrs T says she had to borrow money from her daughter to pay for things. She also had to go to the trouble of rearranging her finances which included organising her direct debits and regular payments into the account. She also visited a branch on at least three occasions, which would have been inconvenient.

Having considered the impact on Mrs T and taking into consideration the available evidence, I'm satisfied that the block and closure of her account has caused Mrs T trouble and upset. Therefore, I think she should receive compensation for this. I'm satisfied that £100 compensation recommended by the investigator recognises the impact NatWest's actions had in the overall circumstances of this complaint. So, whilst I accept Mrs T won't agree, I won't be directing NatWest to pay any more compensation to resolve her complaint.

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 Mrs T £100 compensation for the trouble and upset caused by the bank closing and blocking her account

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs T to accept or reject my decision before 4 December 2023.

Sharon Kerrison
Ombudsman