

The complaint

Miss B complains that National Westminster Bank Plc unfairly closed her accounts without providing an explanation or warning. Miss B says this caused her to miss out on a promised incentive payment from another bank.

What happened

Miss B had accounts with NatWest.

In October 2022, following a review, NatWest decided to close Miss B's accounts. NatWest wrote to Miss B giving her 60 days' notice that she needed to make alternative banking arrangements. NatWest closed Miss B's accounts in December 2022.

During the closure period Miss B had full access to her accounts and applied to switch her account to another bank, which I will refer to as C. At the time, C were offering a £200 incentive payment to customers who opened certain types of accounts and had at least two direct debits set up on the new account. Miss B opened an account with C, but NatWest blocked the switch process, so Miss B missed out on the £200 bonus.

Miss B complained to the bank and asked for an explanation behind her accounts being closed and why she's been blocked from using the account switching service. NatWest wouldn't give Miss B much information. It said it had closed her accounts in line with the account terms and conditions and regulatory obligations. And it explained that it hadn't done anything wrong in declining her switch application. So, it didn't uphold Miss B's complaint.

Unhappy with this response, Miss B brought her complaint to our service where one of our investigators looked into what had happened. Miss B told us that she'd been a good customer of the bank for a number of years. She said NatWest's actions had caused her a great deal of anxiety and worry – especially as at the time she was due to travel overseas to do some work for a charity. This meant she had to quickly set up a new bank account to make sure she could finance her trip, which was very stressful. Overall, she said her health and well-being had been impacted by the bank's actions. And didn't think she'd been treated fairly.

The investigator asked NatWest to provide more information about why it had closed Miss B's account. But NatWest said it couldn't provide anything more than it had already provided to us. And it maintained that it hadn't treated Miss B unfairly when it had closed her accounts. It also pointed out that during the notice period Miss B had full access to her accounts. And that it hadn't done anything wrong in stopping Miss B's account switch application so it couldn't be held responsible for her missing out on any switch incentive payments.

The investigator said based on the limited information the bank had provided, they couldn't say the bank had treated Miss B fairly when it had closed her accounts and had caused her inconvenience when it blocked her from using the account switching service. So, the investigator said NatWest should pay Miss B £150 compensation. NatWest accepted what the investigator said. Miss B didn't. She said that the amount of compensation doesn't

adequately reflect the level of trouble and upset she has suffered. And she wants NatWest to compensate her for the incentive payment she missed out on.

As no agreement could be reached the matter came to me to decide. After reviewing everything I issued a provisional decision which said the following:

Firstly, banks are entitled to decide for themselves whether to do business or continue doing business with a customer. Each financial institution has its own criteria and risk assessment for deciding whether to continue providing accounts and providing an account to a customer is a commercial decision that a financial institution is entitled to take. That's because it has the commercial freedom to decide who it wants as a customer. And unless there's a good reason to do so, this service won't usually say that a bank must keep a customer. But they shouldn't decline to open an account without proper reason, for instance of unfair bias or unlawful discrimination. And they must treat new and existing customers fairly.

Miss B wants NatWest to explain why it no longer wanted her as a customer. But NatWest is under no obligation to tell Miss B the reasons behind the account review and closure, as much as she'd like to know. So, I can't say it's done anything wrong by not giving Miss B this information. And it wouldn't be appropriate for me to require it do so.

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 Miss B's accounts. The terms explain that the bank can close the account with notice. However, although NatWest doesn't need to explain to Miss B the reasons behind its decision to close her accounts, NatWest still 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 no longer wanted Miss B as a customer.

I've considered what NatWest has said about why it won't provide further information to our service about the reasons it closed Miss B's accounts and declined her account switch. 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 Miss B fairly when it closed her accounts. Taking this into account, I agree NatWest should pay Miss B compensation for the trouble and upset caused by closing her accounts and having to manually move her account to C, after it blocked her account switch.

NatWest agreed to pay £150 as recommended by the investigator. Miss B says this isn't enough to cover the emotional distress she suffered and amount of time she had to spend sorting out a new account and phone calls she made to NatWest. Having considered what Miss B has told us about how the closure of her accounts impacted her, I've no doubt this was a worrying and upsetting time for her. She was due to go overseas on an important trip to work for charity and had to go to the trouble of quickly finding and opening a new bank account. But having looked at all the evidence and circumstances of this complaint, I haven't found grounds to increase the level of compensation. So, whilst Miss B may disagree with me, I'm satisfied that £150 compensation is a fair amount of compensation and proportionate to the trouble and upset Miss B was caused by NatWest closing her accounts.

Miss B has argued that she missed out on a £200 switch incentive payment from C because NatWest blocked her account switch. In support of what she's said she has provided us with copies of her new bank account statement that she opened with C – showing that she'd opened the type of account eligible for the incentive payment and set up the required number of direct debits on her new account. So, she would have been eligible for the payment.

Having looked at the information Miss B has provided, and C's terms and conditions relating to the switch payment, I'm satisfied that it's more likely than not that she would have received the £200 incentive payment for opening an account with C – had the switch been completed. C has confirmed that NatWest blocked the switch, so it wasn't able to pay Miss B the bonus. NatWest told the investigator that it blocked Miss B's switch to C. But despite being asked by the investigator to provide its reasons for doing so, NatWest hasn't provided enough information for me to be able to conclude it treated Miss B fairly when it declined her switch application. So, I'm currently minded to say NatWest should also compensate Miss B for this loss and pay her a further £200 compensation.

To put things right I said that National Westminster Bank Plc should:

- *Pay Miss B a total of £350 compensation for the trouble, upset and financial loss caused by the bank closing her accounts and declining her switch application*

Both Mrs B and NatWest accepted my provisional decision. 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.

As both parties have accepted my provisional decision, and not offered any more evidence of comments to consider, I see no reason to depart from the conclusions I reached in my provisional decision, which is repeated above and forms part of this decision.

My final decision

For the reasons I've explained, my final decision is that I uphold this complaint. To put things right National Westminster Bank Plc should:

- Pay Miss B a total of £350 compensation for the trouble, upset and financial loss caused by the bank closing her accounts and declining her switch application

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 17 November 2023.

Sharon Kerrison
Ombudsman