

## **The complaint**

D, a limited company complains that National Westminster Bank Plc (NatWest) closed its bank account without reason. D wants NatWest to provide a proper explanation and reopen the account. D is also unhappy that NatWest prevented it from using the account switching service.

D's complaint has been brought to our service by its directors, Mr G1 and Mr G2.

## **What happened**

The detailed background of this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

Mr G1 has explained that he and his son had other accounts with NatWest. I am aware that other complaints have been raised to this service after these accounts were closed. However, this decision will focus on the closure of D's business account. The closure of the other accounts Mr G1 has mentioned will be dealt with separately.

Mr G had been a long standing customer of NatWest having had several accounts with the bank since the mid 1970's. Mr G1 has explained that he has always maintained D's account properly and repaid any money it has borrowed from the bank over the years. So, he can't think of a genuine reason why the bank wouldn't want to carry on providing D with banking facilities.

In December 2022, NatWest reviewed D's account. As part of this review NatWest asked Mr G1 about some transactions that he had made on his own account. Mr G says that when he was contacted by the bank, he gave a detailed and specific explanation for the transactions, but he felt the questions that the bank asked following his responses went too far. He thought that they were intrusive and an invasion of his private affairs. Mr G1 also explained at the time, that he was leaving the UK to undergo long term treatment for a serious health condition. So, he declined to provide further information. And he told NatWest that they should speak to Mr G1's premier bank account manager, who appeared to be happy with how he managed all off his accounts, if it wanted more information.

Following this, NatWest completed its review and decided to close D's account. NatWest wrote to Mr G1 on 5 June 2023 giving D 60 days' notice to make alternative banking arrangements. The account was closed was due to be closed in August 2023. During the notice periods D could use its account normally.

Mr G1 was shocked and upset to discover that that NatWest had decided to close D's account. He complained to NatWest and asked the bank to provide an explanation why it no longer wanted D as a customer, but NatWest wouldn't provide him with much information.

Mr G1 appealed NatWest's decision to close D's account and asked for an extension to the notice period provided. Mr G1 explained that he needed more time to organise a new business account, due to him being overseas receiving treatment for a serious health

condition, this would be very difficult for him. Mr G1 asked NatWest not to close the account until December 2023. NatWest reviewed its decision and agreed to extend the notice period to 4 December 2023, to allow Mr G1 more time to rearrange D's banking facilities.

Mr G1 complained to NatWest. He said he wants a proper explanation for why the bank closed D's account and the account reinstated. In response, NatWest said it hadn't done anything wrong and had closed the account in line with the terms. And hadn't treated D unfairly when it had stopped D using the account switching service.

Unhappy with this response, Mr G1 brought D's complaint to our service where an investigator considered it. The investigator asked NatWest to provide more information about why it had closed D's account. NatWest gave us some information but said it couldn't provide anything more than it had already provided to us. But overall, the bank said it was complying with its legal and regulatory obligations when it had reviewed D's account and had closed the account in line with the terms.

The investigator said that based on the limited information the bank had provided, he couldn't say the bank had treated D fairly when it had closed its account. So, he said that NatWest should pay D £150 compensation for the inconvenience this had caused. Mr G1 disagreed. He said he is not interested in compensation. He wants NatWest to explain why it did what it did. And reopen D's account. He also said that he suspects NatWest closed D's account because the bank isn't making as much money out of him these days.

In response to the investigator's view NatWest provided more information about the reasons it closed the account. The investigator reviewed the information and issued a second view saying that he couldn't share any more information but didn't think the bank had done anything wrong when it had closed the account.

Mr G1 disagreed and said he suspects there is more to the matter and wants to know the reasons behind the bank's decision to close D's account. He said the business he had planned for D had to be shelved due to NatWest closing D's banking services.

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.

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 G1, but I'd like to reassure him that I have considered everything he and NatWest has said before reaching my decision.

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 focused 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.

NatWest are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. They can broadly be summarised as a responsibility to protect persons from financial harm, and to prevent and detect financial crime. They're also required to carry out ongoing monitoring of new and existing relationships. That may lead to NatWest asking a customer for more information about transactions, how an account is being operated, or the individual. Sometimes, following a review, banks can decide to close accounts.

That's because NatWest is entitled to close an account with D just as Mr G1 is entitled to close D's account with NatWest. It's generally for banks and financial businesses to decide whether or not they want to provide, or to continue to provide, banking facilities to any particular customer. Unless there's a very good reason to do so, this service won't usually say that a bank of financial business must keep a customer or require it to compensate a customer who has had their account closed.

As long as they reach their decisions fairly, it doesn't breach law or regulations and is in keeping with the terms and conditions of the account, then this service won't usually intervene. They shouldn't decline to continue to provide banking services without proper reason, for instance of unfair bias or unlawful discrimination. And they must treat new and existing customers fairly.

I've looked at the terms and conditions and they state that NatWest could close D's account by providing at least 60 days' notice. I've seen a copy of the notice to close letter that NatWest sent D in June 2023, giving D the full notice period, so I'm satisfied that NatWest has complied with this part. I note too that NatWest responded positively to Mr G1's request to provide him with more time to sort out an account for D, due to his serious health conditions and treatment he was undergoing. NatWest gave D a further four months to make alternative banking arrangements, which I think was fair and reasonable.

I've next gone on to consider whether NatWest's reason for closing the account was fair. In doing so, I've kept in mind that NatWest are entitled to set their own policies and part of that will form their risk criteria. It is not in my remit to say what policies or risk appetite NatWest should have in place. I can however, while considering the circumstances of individual complaints, decide whether I think customers have been treated fairly.

As I've said above, NatWest has provided some further details of its decision making process, I'm sorry but I can't share this information with Mr G1 due to its commercial sensitivity. Based on what NatWest has shared with this service, I'm satisfied their actions were reasonable in the circumstances. And the bank's decision to stop providing D with banking facilities was reached fairly.

On balance when considering NatWest's wider legal and regulatory responsibilities and all the information available to me, I find NatWest had a legitimate basis for closing D's account and not tell Mr G1 why.

I understand of course why Mr G1 wants to know the exact reasons behind NatWest's decision. It can't be pleasant being told you're no longer wanted as a customer. Especially as Mr G1 was such a long standing customer of the bank. While not trying to minimise the inconvenience this no doubt caused D, especially as at time Mr G1 was battling a serious health condition. The closure of an account can be due to a number of reasons and NatWest isn't obliged to give a reason to the customer.

Just the same as if D decided to stop banking with NatWest, Mr G1 wouldn't have to explain why. NatWest is under no obligation to tell D the reasons behind the account closure, as

much as Mr G1 would like to know. NatWest also doesn't disclose to its customers what triggers a review of their accounts. So, I can't say it's done anything wrong by not giving Mr G1 this information. And it wouldn't be appropriate for me to require it to do so.

Mr G is also upset that NatWest stopped D's account being transferred to another bank account using the account switching service. Mr G1 has explained that due to his health and treatment having to try and sort out another account for D himself was an unwelcome distraction, when he was trying to concentrate all his energy on dealing with a life threatening illness.

NatWest can refuse to comply with a request a switch request, if they have reasonable grounds to do so. I understand that Mr G1 thinks they don't have any valid reason for refusing the switch. I note too that Mr G1 has pointed out that D has always been a reliable customer of NatWest. So, I can understand why he wants to know what the bank's reasons are. But as I've already said, NatWest are not obliged to reveal those reasons.

I've carefully balanced what Mr G1 has told us against NatWest's basis for their refusal to allow D to sue the account switching service, and on balance, I'm satisfied they had legitimate grounds to take the action they did, and they applied their terms correctly. So, I won't be asking NatWest to compensate D for the inconvenience it may have had in creating new payment arrangements or for any losses it may have encountered as a result of not being able to use the account switching service to set up a new bank account.

In summary, it's clearly caused D inconvenience when NatWest closed its account. So, I realise Mr G1 will be disappointed by my decision. But having looked at all the evidence and circumstances of this complaint, I can't say NatWest treated D unfairly when it closed its account. So, I won't be asking NatWest to do anything to resolve D's complaint.

### **My final decision**

For the reasons I've explained, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask D to accept or reject my decision before 2 April 2024.

Sharon Kerrison  
**Ombudsman**