

## **The complaint**

Mrs W complains National Westminster Bank Plc (“NatWest”) restricted her accounts in June 2022 without explanation – and then closed them. She says this has caused her substantive distress and inconvenience, financial loss and impact to her credit file.

## **What happened**

This complaint only deals with Mrs W’s sole named accounts. Mrs W’s complaint about a joint account she had with someone else is being handled under separate complaint reference number at this service.

Mrs W’s joint account was blocked in April 2022 and unrestricted in May 2022. Because of the uncertainty and worry it caused her, Mrs W moved her benefit payments to her sole account. They included job seeker allowance, disability payments and child benefit. Mrs W had savings accounts too.

The restrictions on Mrs W’s accounts were lifted on 31 August 2022. Mrs W complained about this. In its response, NatWest said it had taken this action in line with its regulatory obligations and terms of account. And as it had followed the right process, NatWest doesn’t need to do anything about Mrs W’s credit rating being affected through missing standing orders and direct debits.

On 1 September 2022, NatWest told Mrs W that all her accounts would be closed on 31 October 2022. NatWest gave her two months’ notice.

Mrs W say NatWest’s actions have caused significant impact to her. Some of the key points she makes relevant to this complaint are:

- She has a young child, and was unable to provide food for her due to not having any access to their funds
- The block and the impact of falling into poor credit caused significant worry and upset as she thought she would lose out on being able to get a mortgage and new home
- Her credit score with credit reference agencies has been adversely affected to the point its nearly halved
- She fell behind with her share of the rent in June and July 2022 before purchasing a new home

NatWest then told our Investigator that it should have removed this restriction on the day it was applied - 30 June 2022 - but it wasn’t. NatWest accept it had made an error. Because of this it offered Mrs W compensation for the distress and inconvenience caused. Mrs W didn’t accept this as a resolution to her complaint.

NatWest also said it would refund all the fees and charged it applied from 30 June 2022 onwards. For Mrs W’s accounts, these total £8.60. Our Investigator then sent their outcome. In relation to this complaint, and in summary, they found:

- The block was not done correctly. So compensation for distress and inconvenience will be considered for the period of the restriction
- Mrs W should have mitigated against not having access to her joint account, so though the block affected her ability to make payments in July 2022, she should have made the payments in August 2022 from other sources given her partner had access to his sole account
- NatWest should pay Mrs W compensation for the distress and inconvenience it caused her

As Mrs W didn't agree her complaint was passed to me to decide. I then sent both parties my provisional decision. For ease of reference, here is what I said:

### Provisional decision

*"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'm planning on upholding this complaint. I'll explain why.*

*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.*

*When carrying out such a review banks are under no obligation, that I'm aware of, to explain why it has taken the action it has. This includes when restricting an account. But if a complaint about it is referred to this service, then NatWest should show us what those reasons are and the evidence it has. That way we can determine if NatWest has acted in line with its obligations and done so fairly and reasonably.*

*NatWest hasn't given me any information which shows why it reviewed Mrs W's account and decided to block them – along with her joint account. I would look to uphold this complaint point due to not having enough information. But NatWest have accepted it should not have applied the block – or more accurately, removed it the same day it was applied. So NatWest accept it has done something wrong here.*

*Mrs W only complained about her accounts being closed more recently. Broadly speaking, 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 Mrs W had to comply with, say that it could close the account by giving her at least two months' notice. And in certain circumstances it can close an account immediately or with less notice.*

*NatWest gave Mrs W two months' notice to close her accounts. But as before, it hasn't explained to this service why it did so – and provided supporting evidence. So I can't say it acted fairly.*

*I've been given copies of Mrs W's current account statements. I note that for a time proximate to the block she was getting her benefit payments made into it. And I note the account seems to have been used mainly for expenses and some regular payments to creditors.*

*Mrs W says she moved her benefits to this account due to issues on her joint account being blocked by NatWest and the worry of this happening again caused her. But then NatWest blocked her sole accounts, and the benefits were being sent back to the DWP.*

*As NatWest accept it made an error here by blocking Mrs W's accounts, I think this impacted more adversely on her given her previous experience. I also accept that not having access initially to her benefits until she was able to open a new account and have them paid into there must have been distressing and very inconvenient. More so because Mrs W had a young child.*

*Taking this all into account, I'm satisfied £200 compensation is fair redress for the distress and inconvenience NatWest's actions caused her.*

*As Mrs W had no access to her accounts from 30 June 2022 until 31 August 2022, and NatWest made an error in blocking it, I'm satisfied that any charges applied by it during this period should be refunded. NatWest say this was £8.60.*

*I also think Mrs W has been deprived of her funds, so NatWest should pay 8% simple interest on the balance for the period of the block.*

*If Mrs W can show NatWest clear evidence of being charged any late fees by creditors who she had regular payments set-up from her sole named accounts, NatWest should refund any such charges. I haven't seen any such evidence from the regular payees she has set-up on her current account.*

*Its possible Mrs W missed payments to her creditors during this time for regular payments she had set-up. This may have affected her credit file. So, to put things right, I think NatWest should give her a letter explaining that it has unfairly caused payments to be missed from this account from 30 June 2022 until 31 August 2022"*

I then asked both parties to send me any further comments and evidence for me to consider before I reach my decision. That deadline has passed, NatWest have responded but Mrs W hasn't.

I'll now decide this complaint.

### **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.

In its response to my provisional decision, NatWest said it agreed with what I said. Mrs W hasn't responded.

So, because of that, I've decided to uphold this complaint in line with the reasons I gave in my provisional decision - as above.

If Mrs W accepts my decision, NatWest have asked that she provides evidence of any external fees and confirmation of where she would like the redress paid. She can send her bank details or alternatively opt for a cheque payment.

### **Putting things right**

To put things right, NatWest must:

- Pay Mrs W 8% simple interest on the current account balance while the account was blocked from 30 June 2022 until it was unrestricted on 31 August 2022\*
- Refund any fees or charges NatWest applied during the period of the restriction, which I understand is £8.60
- Refund any other such charges Mrs W can evidence she was charged by third parties during the period of the block where the regular missed payment was set-up from her sole account(s)
- Pay Mrs W £200 compensation for the distress, inconvenience and embarrassment it has caused her
- Provide Mrs W with a letter saying its error caused her to miss creditor payments from 30 June 2022 until 31 August 2022 which may have affected her credit file adversely

\*If NatWest considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mrs W how much it's taken off. It should also give Mrs W a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

### **My final decision**

For the reasons above, I've decided to uphold this complaint. National Westminster Bank Plc must put things right as above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs W to accept or reject my decision before 20 December 2023.

Ketan Nagla  
**Ombudsman**