

The complaint

F complains that National Westminster Bank Plc blocked its account in October 2022. F would like to know the reason and compensation for loss of use of the funds.

F is represented by its director Miss B.

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.

F had a business account with NatWest. In October 2022 the account was blocked. The account was unblocked on 12 October 2022.

Miss B told us a tax bill was due for F during the period of time F's account was blocked. She had to pay her accountant £120 to liaise with HMRC to provide an extension in order to avoid a fine. F managed to avoid the fine.

An exit letter was sent to F regarding F's account, giving 60 days' notice to close the account on 28 October 2022. I understand that the closure is the subject of a separate complaint with our service. I won't be dealing with issues relating to the account closure in this decision.

Miss B complained to NatWest on behalf of F. They said there had been no error, the account was being reviewed by a specialist team and there was no exact timescale for the review.

F complained to our service. One of our investigators looked into the complaint. She didn't think NatWest had provided us enough information to conclude they had acted fairly when they reviewed the account. She awarded compensation of £170 for the inconvenience of the block and the extra fee F had to pay its accountant. And 8% simple interest on £203,884.93 the balance on the account, from 4 October 2022 to 12 October 2022.

F accepted the view. NatWest disagreed.

As there was no agreement 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.

Financial businesses, like NatWest, are subject to a number of legal and regulatory requirements. These mean they have to monitor their customers' accounts and may need to review an account at any time. While that is happening, they may need to block or restrict any payments.

This is reflected in NatWest's terms and conditions. These say NatWest can block an

account to meet its legal obligations and delay payments if needed to carry out further checks. In this case NatWest have said they were following their regulatory obligations when they blocked the account.

NatWest needs to provide information to this service so we can fairly decide a complaint. NatWest has failed to provide sufficient information about why it blocked F's account. I have seen what NatWest have provided. I can see we asked NatWest for more information, and they haven't been able to provide it. So, in this particular case, because of the lack of complete information, I can't be satisfied that NatWest has treated F fairly when it blocked its account. Taking this into account, I agree with the investigator that NatWest should pay F compensation for the inconvenience caused by blocking F's account from 4 October 2022 to 12 October 2022 as well as 8% interest for not having access to its funds during this period.

Impact of block

Miss B has said that during the block F had a tax bill due, and she was very concerned that she would incur a fine if she couldn't pay the bill on time. She contacted her accountant who liaised with HMRC. This cost F £120. I have taken this into account when deciding the amount of compensation due.

I accept that this would be concerning for Miss B personally, but I should add that I can't make an award for the distress Miss B experienced here. NatWest's customer is F, not Miss B. Because F is a limited company, it cannot feel distress. And our service can't award compensation for distress experienced by NatWest's customer's directors or employees personally. However, I can make an award for any inconvenience F experienced as a result of NatWest's error, such as F's director's attention being diverted away from her regular business duties. And in this case, I accept that this issue would have caused F a significant degree of inconvenience because of the HMRC tax bill being due and the account being blocked. Its director's attention was taken away from her usual duties. So, to compensate F for that inconvenience, NatWest should pay F £170.

Putting things right

NatWest should pay F £170 in compensation for the inconvenience of the account block. In addition, because F was deprived of the use of its funds, F should receive 8% simple interest on the balance in the business account of £203,884.93 from 4 October 2022 to 12 October 2022.

My final decision

For the reasons stated above I uphold the complaint. I direct National Westminster Bank Plc to pay F £170 compensation for the inconvenience caused together with 8% simple interest on the balance of £203,884.93 in F's business account from 4 October 2022 to 12 October 2022.

Under the rules of the Financial Ombudsman Service, I'm required to ask F to accept or reject my decision before 1 May 2024.

Esperanza Fuentes
Ombudsman