

## **The complaint**

Mr K complains that National Westminster Bank Plc blocked his current and his savings account. After access had been restored, it then closed both accounts.

## **What happened**

Mr K held a personal current account and a savings account with NatWest. On 17 January 2023 NatWest decided to block Mr K's access to both accounts. It told Mr K what it was doing, but didn't provide any reason for its decision. Mr K believes that it was linked to a request he had made to make a fairly large cash withdrawal. The combined balance on both accounts at the time was around £19,000.

On 24 January 2023 the bank lifted the restrictions on the account. It didn't tell Mr K that it had done so, and it was not until 7 February 2023 that Mr K found out that he could use the accounts again.

In the meantime, Mr K complained about the bank's actions in suspending the accounts and not telling him why it had done so. He also withdrew funds from both accounts, over a series of transactions, until there was a balance of just 1p in each.

In April 2023 NatWest gave Mr K notice that it would be closing his accounts after 60 days – that is, in early June 2023.

When the bank considered Mr K's complaint, it did not accept that it had acted incorrectly in the way it handled his accounts. It acknowledged however that it hadn't handled his concerns as well as it could have done and offered an apology.

One of our investigators considered what had happened. He thought that NatWest ought to have told Mr K that it had removed the block from the accounts; he should not have been left to find out for himself. The investigator recommended that the bank pay Mr K £100 and that it pay interest at 8% a year on the combined balance of the accounts for the period 24 January to 7 February 2023.

NatWest accepted the investigator's recommendation, but Mr K didn't, and asked that an ombudsman review the case.

## **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'll deal first with the bank's decision to block Mr K's accounts. Banks have certain legal and regulatory obligations when dealing with customers' accounts. In some cases they may be entitled to restrict the operation of an account as a result; in others they may be obliged to do so. Those restrictions may include suspending certain features, but can also include – as was the case here – a complete block.

Having reviewed what happened here, I am satisfied that NatWest acted correctly in blocking Mr K's accounts while it reviewed matters. I am satisfied however that it completed its review within a reasonable time and removed the restrictions promptly. It was under no duty, however, to explain to Mr K why it had acted as it did.

I do however agree with the investigator that, as a matter of good practice, NatWest should have told Mr K that he had access to his accounts, especially as he had expressed both his dissatisfaction with the bank's actions and his serious concern that he might not regain access to his funds.

I turn then to the account closure. Banks do not have to agree to provide (or to continue to provide) customers with banking facilities. Whether they do so is primarily a commercial decision for them to take, and this service won't generally interfere with a commercial decision which has been legitimately made. In my view, NatWest's decision was a legitimate one, and I do not believe I can fairly say it was not entitled to make it.

Banks should however give reasonable notice before closing an account. What is reasonable depends on the circumstances, but 60 days is sufficient in most cases. I believe it was here. It gave Mr K plenty of time to make alternative arrangements, if he needed to do so – although I notice that he already had other accounts he could use.

### **Putting things right**

As I have indicated, the investigator recommended that the bank pay compensation of £100 and interest on the account balances, and the bank accepted that recommendation. I will nevertheless make a formal award in those terms, so that Mr K can enforce it if necessary.

### **My final decision**

My final decision is that National Westminster Bank Plc should pay Mr K:

- £100 in recognition of the distress he has suffered and the inconvenience to which he has been put as a result of not knowing his accounts were no longer blocked; and
- interest on his account balances at the rate of 8% simple a year, to run from 24 January to 7 February 2023.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 13 February 2024.

Mike Ingram  
**Ombudsman**