

## **The complaint**

Mr P complains that National Westminster Bank Plc trading as Mettle (NatWest) declined his application for a business account without explaining why and subsequently advised him it had made a mistake. And he couldn't reapply while it was processing his subject access request (SAR).

## **What happened**

In October 2023 Mr P made an online application to NatWest for a business account. It processed the application and asked Mr P various questions. But he was then told that his application had been declined. He wasn't given the reason but he made a subsequent complaint and SAR to NatWest. It explained that as part of reviewing his complaint it took up the matter with its onboarding team and decided that an error had been made and his application shouldn't have been rejected. It offered compensation of £30 and invited Mr P to reapply.

Mr P attempted to reapply but couldn't do so as the old application needed to be deleted. NatWest advised that as his SAR was still outstanding the application couldn't be deleted unless he decided to withdraw his application for an SAR. Mr P decided that he wouldn't withdraw his application. The SAR was completed on 7 December and NatWest advised Mr P that he could reapply. It offered to pay a further £50 for the delay.

On referral to the Financial Ombudsman Service, NatWest clarified further that as its onboarding team had seen that Mr P said his business may become a Community Interest Company (CIC), this is a type of business it doesn't support. However as there was no risk of this at present it shouldn't have declined the application. Our Investigator reviewed the matter and thought that NatWest had offered reasonable compensation for an administrative error.

Mr P was unhappy as he discovered from the SAR that NatWest thought he was going to become a CIC. He was also upset that NatWest had looked at his Facebook page without his permission.

The matter has been referred to me for an Ombudsman's consideration.

## **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.

When Mr P applied for his business account with NatWest, he was asked various questions. One of the answers he gave was “*going forward I may become a community interest company but for now I am a sole trader...*” As such a company is a business type which NatWest doesn't support, it said that Mr P did not fulfil its eligibility criteria. It would have been helpful if it had explained this to Mr P when he requested to know why his application had been declined. It sent him a link to its eligibility criteria and that does set out the types of business not supported which includes community interest companies. I appreciate that Mr P wouldn't have known that his indication that he may become such a company in the future would be grounds for turning down his application. However generally banks are not required to explain why they have turned down an application for an account.

As it is, NatWest decided that it had made an error and invited Mr P to apply again. However he had by this stage made an SAR and it explained to him that the old application could not be deleted until the SAR was complied with. Mr P still said he wanted to proceed with the SAR. It offered to pay £30 for the initial error and a further £50 for the subsequent delay. I think, bearing in mind our awards in similar cases that that is a reasonable award of compensation. I'm not clear if NatWest has paid this, but if not it should pay this to Mr P (if he accepts my decision).

I understand that Mr P was upset that NatWest should have thought he was becoming a CIC. I accept that he only said he *may* become one so whilst I understand that the onboarding team decided that meant that he did not fulfil its eligibility criteria, when this was reviewed NatWest agreed that it had made an error.

As regards looking at Mr P's Facebook page, I bear in mind that this is publicly available information. I don't think this was unreasonable in the overall process of checking the application was genuine.

Mr P has said that he has been incurring fees for running his existing business account. He hasn't supplied any evidence of these, but I bear in mind these were £5 a month. Mr P hasn't told us whether he has made another application to NatWest but as there was only a delay of a couple of months, I think the overall compensation figure takes this into account in any event.

### **My final decision**

NatWest has already made an offer to pay £80 to settle the complaint and I think this offer is fair in all the circumstances.

So my decision is that National Westminster Bank Plc trading as Mettle should pay £80 (if it has not already done so).

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 24 April 2024.

Ray Lawley  
**Ombudsman**