

The complaint

Mr and Mrs P complain that National Westminster Bank Plc (NatWest) unfairly blocked and closed their bank accounts. They want NatWest to explain why it closed their accounts.

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 and Mrs P had three accounts with NatWest – a joint current account and two savings accounts. In November 2021, NatWest reviewed how Mr and Mrs P were using their accounts and asked them to provide information about their earnings and tax. Mr and Mrs P sent the information to NatWest.

In early August 2022, and late November 2022 NatWest reviewed Mr and Mrs P's accounts again. During these reviews NatWest blocked the accounts, which meant Mr and Mrs P weren't able to use their bank cards or access the money held in the accounts. On each occasion the accounts were blocked for around two weeks.

Following its review in February 2023, NatWest decided to close Mr and Mrs P's accounts. The bank wrote to them giving them 60 days' notice that they'd need to make alternative banking arrangements. During the notice period the Mr and Mrs P could use their accounts normally. However, the accounts were closed sooner.

Mr and Mrs P say they were shocked and confused when they received the closure letter, and the blocks on their accounts were upsetting. Mr P says he contacted NatWest to try and find out what the problem was and why the bank no longer wanted him and his wife as customers. But he said the bank wouldn't give him any information, so he was left in the dark.

Mr P explained that he and his wife have worked hard all their lives and earned the money in their accounts. He has pointed out that they are long standing customers of the bank so can't understand why they are no longer welcome to bank with NatWest. They said that they feel NatWest has treated them like criminals and that the bank's actions have impacted their mental health – making them feel physically and emotionally depressed. And that the blocks on their accounts made it hard for them to buy food.

Mr P complained to NatWest. In response NatWest said it hadn't done anything wrong and was complying with its legal and regulatory obligations when it had reviewed Mr and Mrs P's accounts. NatWest also said that the accounts had been closed in line with the account terms and conditions.

Unhappy with this response, Mr and Mrs P brought their complaint to our service where an investigator considered it. After looking at everything, the investigator said she was satisfied that the bank hadn't treated Mr and Mrs P unfairly when it had blocked their accounts. But she said that the bank hadn't given the couple 60 days' notice. So, it should pay them £75 compensation for closing the accounts sooner than it said it would.

NatWest agreed. Mr and Mrs P disagreed with the investigator's view. They want to know why NatWest blocked and closed their accounts.

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 and Mrs P, but I'd like to reassure them that I have considered everything.

I'll start by setting out some context for why NatWest reviewed Mr and Mrs P's accounts. 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. Sometimes this means they may need to review activity taking place on accounts and ask customers for information, for example about payments, and information about the individuals operating the accounts – it's entitled and obliged to carry out such checks.

Having looked at all the evidence, I don't believe it was unreasonable in the circumstances for NatWest to block Mr and Mrs P's accounts. I'm satisfied that in doing so NatWest were complying with its legal and regulatory obligations. So, whilst I accept, the bank's actions caused Mr and Mrs P inconvenience because they weren't able to use their accounts whilst the bank was reviewing them, I can't say the bank did anything wrong and treated them unfairly in doing so.

From looking at the evidence, I'm also satisfied that NatWest was proactive in completing its reviews when it blocked the accounts in August and November 2022. So, I can't say NatWest caused any delays whilst it completed its reviews of the accounts.

Following a review, banks sometimes decide to close an account. Each financial institution has its own criteria and risk assessment for deciding whether to continue providing accounts and providing an account to a customer is a commercial decision that a financial institution is entitled to take. That's because it has the commercial freedom to decide who it wants as a customer.

Banks are entitled to end their business relationship with a customer, as long as this is done fairly, doesn't breach law or regulations and is in keeping with the terms and conditions. And unless there's a good reason to do so, this service won't usually say that a bank must keep a customer. But they shouldn't decline to continue to provide an account without proper reason, for instance of unfair bias or unlawful discrimination. And they must treat new and existing customers fairly.

The terms and conditions of Mr and Mrs P's accounts say that in certain instances NatWest can close accounts with immediate notice and by providing 60 days' notice. NatWest wrote to Mr and Mrs P in February 2023, giving them the full notice period that it was closing their

accounts and that they'd need to make alternative banking arrangements. However, the bank closed the accounts sooner than it should have – and didn't give Mr and Mrs P the full notice period. NatWest has agreed with the investigator's view to pay Mr and Mrs P £75 compensation for the trouble and upset caused by not giving them the full notice period before closing the accounts.

Based on the evidence I've seen I think it's fair to say the early closure of the accounts caused Mr and Mrs P worry and upset. And I agree some compensation is appropriate for this. I say this because they had to spend time opening new accounts sooner. So, I can appreciate this would've been inconvenient and upsetting for them. And it's only right that NatWest recognises this. However, I'm satisfied that £75 is a fair amount of compensation and proportionate to the trouble and upset Mr and Mrs P were caused.

In reaching this conclusion I've kept in mind that Mr and Mrs P would always have had to spend time sorting things out even if things happened as they should have – in particular, that NatWest would still have closed their accounts. So, while they may disagree with me, I'm satisfied that the compensation recommended by the investigator recognises the impact NatWest's actions had in the overall circumstances of this complaint. So, I won't be directing NatWest to pay any more.

I've next gone on to consider whether NatWest acted fairly when it decided to close Mr and Mrs P's accounts. 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 Mr and Mrs P with banking facilities was reached legitimately and fairly. So, I won't be asking NatWest to reopen their accounts.

I understand of course why Mr and Mrs P want to know the exact reasons behind NatWest's decision to close their accounts. It can't be pleasant being told you're no longer wanted as a customer – especially given Mr and Mrs P had been customers of the bank for more than 20 years. And I can see that Mr and Mrs P has asked NatWest to explain itself on several occasions. But NatWest doesn't disclose to its customers what triggers a review of their accounts. And it's under no obligation to tell Mr and Mrs P the reasons behind the account review and closure, as much as they would like to know. So, I can't say it's done anything wrong by not giving Mr and Mrs P this information. And it wouldn't be appropriate for me to require it to do so.

My final decision

For the reasons I've explained, my final decision is that I partly uphold this complaint. To put things right National Westminster Bank Plc should pay Mr and Mrs P £75 compensation for closing their accounts sooner than it said it would.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P and Mr P to accept or reject my decision before 8 March 2024.

Sharon Kerrison
Ombudsman