

The complaint

Mr C complains that National Westminster Bank Plc closed his accounts with no explanation. He would like compensation for the stress and anxiety caused.

What happened

Mr C had a current account, a savings account and a credit card with NatWest.

Following a review NatWest closed Mr C's accounts on 6 March 2023 giving him 14 days' notice. Mr C's funds were released on 14 April 2023 to Mr C's nominated account.

Mr C has said he lost access to his credit card and wasn't able to check his balance and manage the account. Mr C was particularly concerned because his credit card had a 0% interest period which meant he wouldn't incur interest on the balance transferred until October 2024. He was concerned that NatWest would use the balance of £5,000 in his savings account to pay off his credit card.

NatWest said they had closed the account in line with legal and regulatory obligations.

Mr C made a data subject access request of NatWest asking for all information they held about him and his account closures.

Mr C complained to our service. One of our investigators looked into the complaint she thought NatWest had closed the account fairly. She thought there had been delays in Mr C being able to access his funds, so she awarded 8% interest for the period of delay. The investigator was also able to arrange for Mr C's credit card statements to be posted to him.

Mr C was unhappy with the view. He didn't think the compensation amount was enough.

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.

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.

I'll start by setting out some context for the review of Mr C's accounts. UK legislation places extensive obligations on regulated financial businesses. Financial institutions must establish the purpose and intended nature of transactions as well as the origin of funds, and there may be penalties if they don't. This applies to both new and existing relationships. These obligations override all other obligations. I am satisfied NatWest were complying with these obligations when they reviewed Mr C's accounts.

Following the review NatWest proceeded to close the accounts giving 14 days' notice. I've next looked at NatWest's decision to close Mr C's accounts. Banks are entitled to end their business relationship with a customer, as long as it's done fairly and is in line with the terms and conditions of the account. The terms and conditions of Mr C's account say that NatWest can close an account in certain circumstances immediately and with notice. NatWest wrote to Mr C and gave him 14 days' notice that it intended to close his accounts. For NatWest to act fairly here they needed to meet the criteria to apply their terms for immediate closure – and having looked at these terms and all the evidence I'm satisfied that the bank has applied the terms fairly. And it was entitled to close the accounts as it's already done. It follows I won't be awarding compensation for the closure.

Mr C has said he was concerned about his credit card, in particular not being able to access the statements. And he was worried his funds would be used to pay off his credit card balance. The investigator was able to liaise with NatWest to ensure Mr C got his credit card statements in the post. She was also able to confirm the card remained open so that Mr C could continue to make his minimum payments and take advantage of his 0% interest deal. I also know that Mr C had his balance of funds in the deposit and current account returned to his nominated account on 14 April 2023. So, I'm satisfied NatWest didn't use Mr C's funds to clear the credit card balance.

Mr C received the funds in his account on 14 April 2023. The investigator thought that NatWest had caused a delay in the process to release the funds to Mr C. She thought because of this NatWest should pay 8% interest from 20 March 2023 to 14 April 2023. I appreciate that Mr C could have got his funds sooner so I'm satisfied he was deprived of his funds for the period between 20 March 2023 and 14 April 2023 so he should receive interest for that period as described by the investigator.

Mr C has said he would like to know the reason for his accounts being closed. Whilst he may have expected to be given the reasons for the account closure. NatWest isn't required to give a specific reason. But NatWest is under no obligation to provide this information to him, as much as he'd like to know. So, I can't say NatWest have done anything wrong by not giving Mr C this information.

Mr C has told us he doesn't think the amount of compensation is enough. He has said the situation caused him a lot of stress. I am very sorry that Mr C has had a difficult time and I know he will find my decision disappointing. But as I've said I'm satisfied that NatWest acted fairly when they closed the accounts, so I won't be awarding Mr C compensation for this although I do recognise the difficulties he faced.

My final decision

For the reasons stated above I partially uphold this complaint. I direct National Westminster Bank Plc to pay Mr C 8% simple interest on the balance in his accounts from 20 March 2023 to 14 April 2023.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 3 April 2024.

Esperanza Fuentes
Ombudsman