

The complaint

Miss C and Mr F complain that National Westminster Bank Plc were unreasonable in restricting and then closing their bank accounts.

What happened

Miss C and Mr F held a joint account with NatWest, that they used for day-to-day expenses. But in July 2023 they discovered that their account had been blocked, and they weren't able to carry out any transactions. They complained to the bank, saying this had left them unable to pay for food and bills, and that regular payments hadn't been made.

NatWest responded to say that they were entitled to restrict accounts, in line with the terms of the account. They didn't offer any further details on why the review was taking place, or how long it would likely take. Miss C and Mr F complained again about the restriction, and the level of service received. NatWest responded apologising for the service but didn't add anything further about the restrictions.

The account was later closed, and the remaining funds returned to Miss C and Mr F. Unhappy with the answers they've got they referred their complaint to our service.

One of our investigators looked into what happened. Initially they felt that NatWest hadn't been able to justify the restriction on the account and suggested £150 in compensation be paid to Miss C and Mr F. However, after the bank supplied further information they changed their mind, and said they were satisfied that the bank had been reasonable in restricting the use of the account. They didn't think the bank needed to do anything further.

Miss C and Mr F disagreed, saying they were concerned about the impact on their credit files, as the restrictions had stopped payments being made. They said the restriction and closure had affected their mental health.

As no agreement could be reached the complaint was passed to me to decide. Upon review I broadly agreed with the investigator but wished to add consideration around the closure of their account as well. I issued a provisional decision that said the following:

The investigator has specified that they only considered the account restriction in their assessments – reasoning that this is subject of the final response letters NatWest sent to Miss C and Mr F. They didn't go on to consider the account closure. However, I'm minded that the closure is simply a follow on issue to the restriction – the root issue is effectively the same. So, under the investigative remit our service has I've also considered whether NatWest were reasonable in closing the accounts held jointly.

Firstly, it's right to say that NatWest, like all regulated financial businesses in the UK, have legal and regulatory obligations to meet when providing accounts to their customers. These obligations can broadly be seen as a duty to monitor accounts for signs of fraud or financial crime, or that someone may be falling victim to financial harm. The obligations mean that on occasion they may need to carry out a review in to how an account is being used – and they

may need to prevent the account being used during the review. There is provision for this in the terms of the account.

NatWest aren't under any specific obligation to explain to Miss C and Mr F why they're conducting a review, and they've declined to do so. But the bank have supplied their reasoning to our service. Our rules state we can treat certain evidence as confidential, for example if it's considered commercially sensitive.

In this case I'm satisfied that it's appropriate to keep this evidence confidential – so I won't detail this here. But having reviewed the evidence I'm satisfied that NatWest's decision to carry out a review was reasonable. I've seen nothing to suggest that this was a mistake. The review was conducted in line with NatWest's legal and regulatory obligations and the terms of the account.

I've no doubt this was very frustrating for Miss C and Mr F, as it was dropped on them suddenly. Given the nature of reviews it's not always possible, or desirable, to let consumer know in advance that they won't be able to use their account. And in the circumstances, it's not unreasonable that regular payments were also stopped.

These types of restrictions can have repercussions like this, so its important banks don't impose them lightly. But as I've commented here, I'm satisfied that NatWest were reasonable in imposing these restrictions on the account. So, I accept what Miss C and Mr F have told us about the impact of this, but I don't see that NatWest have done anything wrong by declining to make these payments.

The review was conducted within a reasonable timeframe, and the ultimate decision was to close Miss C and Mr F's account. The terms of the account outline when they can close accounts with no further notice – and I'm satisfied they apply here. So, I don't see that NatWest have done anything wrong in the way they closed the account.

Miss C has commented that there was a delay in receiving the funds in the account back to them. But I'm glad to hear that they have now received the funds and have accounts elsewhere.

NatWest have accepted that some of the service they provided at the time wasn't up to standard and apologised for this. In the circumstances I see that as an appropriate response, and I'm not minded to ask the bank to do anything further.

Neither NatWest, nor Miss C or Mr F responded to my provisional decision before the deadline. It now falls on me to issue my final decision.

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.

In the absence of any new information or arguments from either party I do not see a reason to depart from my findings in the provisional decision. I remain satisfied it was reasonable for NatWest to close Miss C and Mr F's joint account in the manner they did. And their apology for failings in customer service is an appropriate response in the circumstances.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C and Mr F to accept or reject my decision before 6 May 2024.

Thom Bennett
Ombudsman