

## The complaint

Mr M and Miss R complaint that National Westminster Bank Plc unreasonably closed their joint accounts. They'd like to be compensated for the inconvenience caused, and for the losses.

## What happened

The background to this complaint is well known to both parties, so I will cover it only briefly here. Mr M and Miss R held accounts with NatWest. But in February 2023 the bank wrote to say they'd be closing the accounts in April 2023. Mr M and Miss R attempted to switch out their current account but were blocked by the bank from doing so. The bank granted a brief extension to the closure notice, but the accounts were closed in May 2023.

Mr M and Miss R complained, saying they weren't given a reason for the closure. They also complained about the service received from NatWest. The bank responded to say that they had close the account in line with the terms and did not wish to provide any further reasoning to this. They thanked them for their feedback, but because of the nature of the closure did not offer compensation.

Dissatisfied with this answer Mr M and Miss R referred their complaint to our service. They said they had been charged fees for their account services, even though these services had been withdrawn. They were also felt that their savings accounts hadn't been credited with interest up until the closure.

Before our investigator could look into what happened NatWest offered £150 compensation. The investigator was satisfied that NatWest were within their rights to close the accounts and did not need to explain why. But they felt the service from NatWest had been poor, but the £150 offered was fair compensation for this. They also couldn't see that NatWest had justified the account fees charged at closure, or paid interest on the savings at the agreed rate.

In addition to the £150 compensation the investigator felt that NatWest should refund two charges of £2.50 and £12.40 and pay interest on the savings balance between 2 May 2023 and 9 May 2023.

This was rejected by Mr M, who said he had endured significantly more costs because of NatWest's actions. He felt the compensation should be significantly higher. But this investigator didn't agree. As no resolution could be reached the complaint has been passed 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.

When reviewing this complaint, I've considered the relevant legislation and regulations, industry guidance, and what I consider to have been good practice at the time.

In this decision I'm only considering NatWest's actions in relation to accounts that Mr M and Miss R held jointly, rather than any accounts held individually.

### *Account closure*

NatWest have a broad commercial discretion about who they wish to provide banking services to. It's generally up to them if they wish to continue servicing an already open account, and it would be rare that our service would say they should reopen a closed account, or that they should have continued to service it in the first place. Instead, what we would look to see is that the accounts were closed reasonably, and in line with the terms.

The terms of Mr M and Miss R's accounts allowed NatWest to close an account for any reason so long as they provide at least 60 days' notice. This is in line with the relevant regulations on payment accounts, and standard industry practice. It's generally thought to be long enough to make alternative banking arrangements elsewhere.

NatWest have demonstrated that they wrote to Miss R on 6 February 2023 informing her of their intention to close her accounts, and I note the joint accounts were listed as due to close on 7 April 2023.

There doesn't appear to be a notice given directly to Mr M about the closure – although I note that he was in contact with NatWest about the closure, and NatWest later granted an extension to the closure of the joint accounts. This tells me the notice was received and understood. I'm satisfied NatWest have given the appropriate notice under their terms.

NatWest aren't obliged to provide a reason for closing an account, and in this case have declined to do so. I appreciate though that Mr M and Miss R would like to know more, and I accept there is naturally curiosity about why a bank decided to end a banking relationship.

The rules of our service allow us to treat certain evidence in confidence, such as if the ombudsman feels it is commercially sensitive. NatWest have provided their closure rationale to our service, and I'm satisfied that it shall remain confidential. So, I'm sorry to Mr M and Miss R that I won't be detailing it in full here. I'm satisfied that the reasons for the closure are reasonable and not irrational. This was a legitimate commercial decision that NatWest were entitled to make.

I can see NatWest granted a short extension to the closure date – albeit a block was applied from 7 April to 13 April. This isn't something NatWest are obliged to do, and I consider they've been more than fair in allowing the account to stay open longer than anticipated.

Mr M and Miss R have shown that NatWest declined a switch out request for their current account. NatWest have said that they wouldn't accept switch out requests when they are in the process of closing an account. They aren't under any obligation to accept the switching request, although I consider it would have been good practice to inform Mr M and Miss R of this when they sent notice of the closure.

Once the accounts were closed, I'm satisfied the funds were returned to Mr M and Miss R without any unreasonable delays.

Taking everything in to account I don't see that NatWest have been unfair or unreasonable in their decision to close Mr M and Miss R's joint accounts. I'm satisfied they've acted in line

with the terms of their account. Because of this, I wouldn't ask NatWest to compensate them for any inconvenience that flows from their reasonable actions.

### *Customer service and consequential loss*

There's always likely to be a degree of disruption and inconvenience caused when an account is closed – even when it is done so reasonably. I would consider it good practice for NatWest to keep this disruption to a minimum and maintain a reasonable standard of customer service.

NatWest have already accepted that their customer service fell short of what they would expect and offered £150 in compensation.

Mr M has commented that he attended the branch to retrieve the funds between February and April, although it's not clear to me why. There's no indication there was any restrictions on the joint accounts up until the original closure date – from the statements I can see money moving in and out of the joint accounts up until the eventual closure. So, I'm not minded that NatWest should cover any costs associated with his choosing to visit the branch.

He has also said he received conflicting information from NatWest, although in regard to the closure I feel the information provided in the closure notice was sufficient to know the joint accounts were to be closed and that new banking arrangements would have to be made.

But, as mentioned above NatWest should have been clearer that they wouldn't accept a switch out of the current account – this would have prevented Mr M and Miss R from spending time attempting to do so. Although as NatWest wouldn't have accepted a switch out, Mr M and Miss R would always have needed to manually move across regular payments to their new account.

I've also considered that the accounts were blocked for a short period after the original closure date, even though NatWest had agreed an extension. NatWest haven't provided a reasonable explanation for this, and I'm satisfied this will have caused Mr M and Miss R undue distress.

From the statements of the savings account, I can see interest was paid up until 2 May, but the account was closed on 9 May. I appreciate that NatWest have said that no interest was due as the account was in the process of being closed. But I see it as fair that interest be paid on this sum up to the closure date.

In relation to the account fees, I don't see that NatWest need to refund these during the notice period. The closure notice doesn't specify that any account benefits would be removed before the closure date, and I've seen no indication they were. So, it's not unreasonable for NatWest to charge for them. But NatWest haven't been able to explain precisely what the two charges on 11 May were for, although it seems possible these were a pro rata charge for the account fee. Without a clear explanation though, I see it as reasonable that NatWest refund these fees.

Considering everything in relation to the joint accounts, the £150 NatWest have offered for the poor service received is fair compensation, so I wouldn't look to increase it.

### **My final decision**

I uphold this complaint, and to resolve it National Westminster Bank Plc must:

- Pay interest at the account rate on the balance held in savings for the period from 2 May 2023 to 9 May 2023
- Refund the two fees charged on 11 May 2023 of £2.15 and £12.40
- Pay Mr M and Miss R £150 in compensation

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M and Miss R to accept or reject my decision before 12 July 2024.

Thom Bennett  
**Ombudsman**