

The complaint

Mr M complains that National Westminster Bank Plc restricted and then closed his account without notice and without a valid reason.

What happened

Mr M held a current account with NatWest. Following a review of the account, the bank decided to close it. It wrote to Mr M to say that it was doing so with immediate effect. Mr M was able to recover the funds which remained in the account within about two weeks.

Mr M complained about what had happened. He said that, before he had opened the account, he had explained to NatWest that he intended to move his funds around different accounts to obtain the best interest rates available. The NatWest account was linked to his various savings and investment accounts – meaning that he could only access them through that account. By restricting his account in the way it had, NatWest had, in effect, prevented him from having any banking facilities.

Mr M explained too that he had been due to travel overseas for a wedding, but that, without funds, he had been unable to do so. He said too that the bank's actions had caused him stress and anxiety, for which he had sought medical intervention.

NatWest said that it had been entitled to act in the way it had. It invited him to return a funds release form and said that it would endeavour to return any money held in the account within 60 days. In the event, it was returned much sooner than that.

Mr M referred the matter to this service, where one of our investigators considered what had happened. She did not recommend that the complaint be upheld. She concluded that the bank had acted within the account's terms and conditions, and that it had done so fairly.

Mr M did not accept the investigator's view and asked that an ombudsman review the case.

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.

Generally, it is for a bank to decide whether or not to provide, or to continue to provide, banking services to an individual. We will not generally intervene in such decisions, as long as they are legitimately made. I am satisfied that NatWest's decision to close Mr M's account was made for legitimate reasons. It is not the case, as Mr M has suggested, that a bank can only close an account where there is evidence of criminal activity.

Nor does a bank necessarily have to explain its reasons for closing an account. I am satisfied that NatWest did not have to do so in this case.

I have therefore gone on to consider whether NatWest was within its rights to restrict the account with immediate effect. I believe in the circumstances that it was.

As I have indicated, the bank completed the closure and returned funds to Mr M within about two weeks. In my view, that was a reasonable time. So, whilst I acknowledge that the bank's actions are likely to have caused Mr M significant distress and inconvenience, I don't believe that that was because of anything which it did wrong, because it acted unfairly, or because it caused any undue delay.

My final decision

For these reasons, my final decision is that I do not uphold Mr M's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 21 June 2024.

Mike Ingram

Ombudsman