

The complaint

Mr and Mrs G complain that National Westminster Bank Plc (NatWest) closed their bank accounts without providing an explanation or warning.

They are also unhappy that NatWest prevented them from using the account switching service. Mr and Mrs G says this caused them unnecessary inconvenience and worry.

What happened

Mr and Mrs G were long standing customers of NatWest having had several accounts with the bank for around fifty years.

In May 2023, NatWest decided to review how Mr and Mrs G were operating their accounts. Following its review NatWest decided to close Mr and Mrs G's accounts and wrote to them giving them 60 days' notice that they'd need to make alternative banking arrangements. Mr and Mrs G had full access to their accounts during the notice period.

Mr G complained to NatWest and asked the bank for an explanation for why it no longer wanted him and Mrs G, as customers. He explained that he'd been shocked to receive the letter and that it had come out of the blue. He asked NatWest to review its decision and said it must have made a mistake or based its decision on fraudulent information because he had maintained the accounts properly over the years.

In response, NatWest said it hadn't done anything wrong and had complied with the terms and conditions of the accounts in deciding to close them. The bank also explained that it didn't have to provide Mr and Mrs G with the reasons for its actions and that it had notified Mr and Mrs G when it sent them the notice to close letter that they wouldn't be able to use the account switching service, so they'd have to move their direct debits manually to mitigate any impact on their regular outgoings.

Following this Mr G opened accounts with a different bank and moved his direct debits across to the new bank. However, on 5 July 2023 NatWest wrote to Mr G again and told him to disregard the letter the bank had previously sent to him as it contained incorrect information. The letter told Mr G to expect another letter within the next few days and reinstated the accounts.

On 11 July 2023, NatWest sent Mr G another letter notifying him that it had decided to close all of his accounts including his credit cards. The letter told Mr G that his accounts would be closed in September 2023. Mr G was upset and confused to receive the letter and said it made him believe that the bank had made a mistake when it had decided to close his accounts.

Following this Mr G discovered that NatWest had closed his credit card accounts without notice. Mr G contacted NatWest to try and find out what was going on and he was told that someone would be in touch with him. In December 2023, NatWest sent Mr G a letter enclosing a cheque for his credit card balance, which had been in credit due to a refund

being applied to the account. However, the cheque was made out in another customer's name. Mr G was very upset to receive the cheque. He said this was further proof that NatWest had made a mistake when it decided to close all of his accounts. And had got everything wrong.

Mr and Mrs G brought their complaint to our service. One of our investigator's reviewed their complaint and asked NatWest to provide more information about why it had and closed Mr and Mrs G's accounts. In response, NatWest said that it was entitled to close Mr and Mrs G's accounts and had done so in line with the terms and conditions. But said it couldn't provide anything more than it had already provided to us. The investigator said that based on the limited information the bank had provided, he couldn't say the bank had treated Mr and Mrs G fairly when it had closed their accounts. So, he said NatWest should pay Mr and Mrs G £100 compensation for the trouble and upset they'd been caused by the bank closing their accounts.

NatWest accepted the investigator's recommendation. Mr and Mrs G didn't. Mr G said his complaint isn't a matter of compensation. He wants to know why the bank closed the accounts and maintains that NatWest made a mistake closing the accounts – especially since NatWest won't explain the reasons behind its decision. He said he and Mrs G have been treated appallingly by NatWest despite being customers for nearly five decades and that he would never bank with them again.

As no agreement could be reached the matter came to me to decide.

After looking at all the information I contacted NatWest to get some more information about what had happened and the reasons behind the bank's decision to close Mr and Mrs G's accounts. I told NatWest that I was concerned a mistake might have been made in closing the accounts because of the number of notices to close letters that had been sent to Mr and Mrs G and because a cheque payable to another customer had been sent to Mr G.

In response, NatWest said it had closed Mr and Mrs G's account by mistake and only realised this once the accounts had been closed. So, it hadn't been able to reopen the accounts.

Following this, I reviewed all the information and issued a provisional decision which said:

The first thing to say here is since the matter has been investigated by this service, NatWest has accepted it made an error when it closed Mr and Mrs G's accounts. It has said that the accounts shouldn't have been closed and based its decision on incorrect information.

As a result of the accounts being closed Mr and Mrs G had to go to the trouble of finding and opening new bank accounts. They also had to spend time moving across in excess of around a dozen direct debits manually because NatWest didn't allow them to use the account switching service, because it had decided to close the accounts. So, I'm satisfied that Mr and Mrs G were caused inconvenience by NatWest's mistake.

Mr and Mrs G have also explained that they were both shocked and upset at finding out that NatWest had decided it no longer wanted them as customers. Mr G has submitted that he has always maintained the accounts properly, and that he and his wife had been good customers for nearly fifty years. So, they can't understand why the bank wouldn't be happy for them to keep their accounts. Mr G has said he was very upset when he contacted NatWest to try and find out what was happening and wasn't given much information by the advisors he spoke to on the phone.

Mr G has also said that he was very confused when he received two letters from NatWest about the closure of his accounts – one telling him that his accounts would be closed in July 2023 and a second letter telling him that the bank had made an admin error and the accounts would be reinstated but closed in September 2023. Mr G set about opening new accounts when he received the first letter so I can understand why he was confused to get another letter which told him his accounts weren't actually going to be closed as soon as he'd expected.

NatWest also sent Mr G a cheque made payable to another customer for the balance of his credit card account. So, overall, when I look at the circumstances of this complaint, I think the service NatWest provided Mr and Mrs G fell below what they could expect.

Mr G has made a point that his complaint has never been about compensation. So, he hasn't provided much information about the amount of time he spent dealing with the problems resulting from the error. But based on what he has said, I'm satisfied that Mr G had to spend time on opening new accounts and manually setting up direct debits which would have involved talking to suppliers and service providers to sort out his and Mrs G's banking affairs. I also need to consider the time Mr G lost speaking to NatWest after receiving the cheque for another customer and a second closure letter, without getting any meaningful help.

The investigator recommended NatWest pay Mr and Mrs G £100 compensation for unfairly closing their bank accounts, which NatWest accepted. However, NatWest has since provided this service with more information and accepted it made a mistake when it closed Mr and Mrs G's accounts. Having taken all the above into account, I don't feel £100 compensation takes sufficient consideration of the worry, frustration, and inconvenience that Mr and Mrs G have experienced as a result of NatWest mistakenly closing all of their accounts.

So, I provisionally upheld the complaint in Mr and Mrs G's favour and instructed NatWest to pay an increased amount of £350 compensation to Mr and Mrs G – which I felt more fairly compensated them for the impact they incurred.

Mr G responded to my provisional decision and said:

- He would like NatWest to also issue a letter of apology and confirm that he and Mrs G could reopen their account – even though they don't want to reopen their accounts
- He would like to understand more about the mistake NatWest made

NatWest accepted my provisional decision. It also agreed to issue Mr and Mrs G a letter of apology.

Now both sides have had an opportunity to comment I can go ahead and 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.

NatWest has accepted my provisional decision and now agreed to issue a letter of apology to Mr and Mrs G.

In response, to my provisional decision Mr G made some submissions which I will now address.

Having relooked at all the circumstances and evidence of this complaint, I'm satisfied that Mr and Mrs G are entirely blameless here. NatWest made a mistake, which based on the evidence appears to be simply any error of judgement. There is nothing more to it than that. As I said above, I am satisfied that Mr and Mrs G should be compensated for this. And because it is clearly important to Mr and Mrs G and because it did make a mistake, NatWest should also issue a letter of apology to them.

I'm not going to ask NatWest to confirm it would reopen Mr and Mrs G's accounts, as it's generally for banks and financial businesses to decide whether or not they want to provide banking facilities to any particular customer. Usually this is based on a number of factors including Mr and Mrs G's circumstances, credit, and security checks. In any event I note Mr G has indicated he has no intention of reopening accounts with NatWest, so it seems even if I was inclined to make such a direction, it would be redundant to do so.

As both parties accepted my provisional decision, I see no reason to depart from my provisional findings. I remain of the view that this complaint should be upheld for the reasons set out in my provisional decision, which are repeated above and form part of this decision

My final decision

For the reasons I've explained I uphold this complaint and direct National Westminster Bank Plc to put things right by doing the following:

- Pay Mr and Mrs G £350 compensation for the trouble and upset caused by closing their accounts
- Send Mr and Mrs G a letter of apology

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G and Mrs G to accept or reject my decision before 27 June 2024.

Sharon Kerrison
Ombudsman