

The complaint

Mr T complains that National Westminster Bank Plc closed his personal account and that, in doing so, it did not provide him with clear and accurate information.

What happened

Mr T had a current account and a loan with NatWest. In a letter dated 5 May 2023 it told him that, following a review, it had decided to close his account. That would happen, the letter said, on or after 4 July 2023. It explained that, on or after that date, the bank would withdraw any overdraft facilities, cancel standing orders and direct debit authorities, stop all cards and cheque books, and terminate online and mobile banking services.

The letter also explained that Mr T's credit card could not be used with effect from two months after the date of the letter. Mr T could repay anything outstanding by making at least the minimum payments shown on the monthly statements. Interest and charges would continue to apply. It also recommended transferring the loan to a different lender, although it confirmed that Mr T would remain liable for the outstanding balance if he chose not to transfer it.

At the time the account was closed, it was overdrawn.

Mr T says that he was unaware of what had happened until his card stopped working in July 2023. He then found the letter of 5 May, unopened. He said he thought the bank should have communicated its decision by other means, as it routinely did with other information about his account.

NatWest was satisfied that it had been within its rights to close the account, but it did acknowledge that, when Mr T had contacted the bank about direct debits on the loan account, it did not explain matters as it should have done. It offered Mr T £100 by way of compensation. Mr T did not accept that offer and referred the matter to this service.

One of our investigators considered what had happened and issued a preliminary assessment. She was satisfied that the bank had acted fairly and in line with the account terms in closing the account. It had given proper notice of its intention to do so.

However, the investigator thought that the debt represented by the overdraft on the account should have been moved to recoveries; it was not, because NatWest had internal delays. So she recommended that the bank pay Mr T a further £150 and remove any charges on the account applied after the date of closure.

The bank accepted the investigator's recommendations, but Mr T did not. He 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.

Having done so, however, I've reached broadly the same conclusions as the investigator did, and for similar reasons.

Mr T's primary concern appears to be with the way in which the bank communicated with him, and the information it provided – rather than the closure of the account itself. But, for the avoidance of any doubt, I am satisfied that NatWest's decision to close the account was taken in the legitimate exercise of its commercial discretion and in line with the account terms. There is therefore no basis on which this service could properly intervene.

It is of course unfortunate that Mr T was not aware of the bank's intention to close his account until that had happened. Had he realised earlier that the account would be closed, he might have been in a better position to take steps which would reduce the inconvenience which resulted.

I can understand too why Mr T says that it would have been helpful to receive a message about the closure by other means, rather than by post alone. However, that is not a regulatory requirement, and the account terms said, at clause 6.1, that the bank would contact him by post, phone, email, secure messaging through online banking, text message and/or notification through the banking app. The use of "and/or" meant that, whilst NatWest could use more than one means of communication, it was sufficient that it used only one of the various means of communication listed.

I appreciate too that Mr T feels that banks should be required to do more in similar situations. That, however, is a matter for the regulator, not for an ombudsman.

I agree with the investigator's view that the overdrawn balance on the account should have been passed to recoveries and that, if it had been, charges would not have been incurred. It is fair therefore that Mr T should have these refunded, as well as receiving a further £150 in recognition of the inconvenience to which he has been put.

NatWest accepted the investigator's recommendation, but I will make an award in Mr T's favour, so that the bank's offer remains open for acceptance and so that Mr T can enforce the award, should that be necessary.

My final decision

For these reasons, my final decision is that, to resolve Mr T's complaint in full, National Westminster Bank Plc should:

- pay Mr T £150 (in addition to the £100 referred to in its letter of 4 January 2024); and
- waive or refund any charges incurred on Mr T's current account from the date of its closure.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 28 August 2024.

Mike Ingram
Ombudsman