

## **The complaint**

T, a limited company, complains that National Westminster Bank Plc unreasonably closed its accounts and withheld needed funds. They'd like to be compensated.

## **What happened**

T held accounts with NatWest, including accounts for funds held in Euros and US Dollars. In December 2022 the bank wrote to T to say that the accounts would be closed in February 2023. But when the accounts stopped functioning in February, T contacted NatWest to say it hadn't received any notification.

NatWest agreed to extend the deadline for the account closure and keep the accounts open. In April 2023 they wrote again, to say T's accounts would be closed in June 2023. But NatWest removed the balances from the Euro and Dollar accounts. T complained about this, and NatWest accepted they had made an error and the currency accounts should have remained open as well. They unrestricted these accounts and offered £300 in compensation.

Dissatisfied with this answer T referred its complaint to our service, saying the closure of the accounts had cost it over £100,000, as most of their business had run through the Euro account. One of our investigators looked into what happened but didn't think this went far enough. They said NatWest should also pay 8% simple interest on the balances of the Euro account for the time T was without the funds.

This was accepted by NatWest, but T did not think reflected the full losses to the business. As no agreement 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.

First, I think it's important to note here that NatWest have a broad commercial discretion on which businesses they wish to provide accounts to – they are free to set their own criteria, and it would be exceedingly rare that our service would say a bank should reopen or should have continued to service an account once the closure notice was given. Instead, what I've considered here is whether the closure was in line with the agreement between the parties.

The terms of T's accounts allowed NatWest to close them so long as at least 60 days' notice in provided. This is in line with the industry standard, and the relevant regulations on payment accounts. Generally, it's thought long enough to arrange banking elsewhere. I've seen the closure notices that NatWest issued, and I'm satisfied the contractual notice was provided.

I understand T may not have received these notices, as the address was out of date and related to a former director of the business. But I have to bear in mind it's up to T to provide NatWest with updated contact details, and I can't see that this address was updated until May 2023. I'm also satisfied from the communication that T ought reasonably to have been

aware of the impending closure – and I understand it had opened accounts elsewhere by the time the accounts closed.

NatWest have been more than fair in allowing the accounts to stay open after the first deadline, and in agreeing to a later extension to the closure deadline.

There's no obligation on NatWest to explain to T why they've decided to close its accounts – and in this case they have declined to discuss it in detail. The rules of our service allow us to receive certain evidence in confidence, such as if it is commercially sensitive. NatWest have supplied their reasoning to our service. I'm minded this reasoning shall remain confidential, so I won't be detailing it in full here. I've seen nothing to suggest the closure was based on any of the personal characteristics of the directors. But the reasoning for the closure was reasonable. Overall, I'm satisfied the closure was a legitimate commercial decision that NatWest were entitled to make.

But NatWest have clearly made an error in removing the balances of the currency accounts at the time – from the Euro account on 25 April, and the Dollar account on 2 May. These funds were not returned to T until 6 July 2023. I don't see this as reasonable.

I can't be certain what T would have done with these funds had they been available. Looking at the account history, the funds in the currency accounts tend to have been used rapidly, so I'm not persuaded they would have just sat in the account for this period. Although I can't see any further use of the US Dollar account after the account was unrestricted. T has also commented the major inconvenience was to the loss of use of the Euro account. I'm minded therefore that NatWest should pay 8% simple interest per annum on the Euro balance for the period T was without the funds, to represent the loss of use of these funds.

In terms of compensation NatWest have already offered £300. I've considered this information T has supplied about its losses – such as loss of reputation with clients, and loss of staff members. But much of T's representations relate to the closure of the account – which as mentioned above I find to have been reasonable. So, I wouldn't ask NatWest to compensate on this basis.

Instead, I've considered the impact of the removal of the Euro and Dollar amounts. I've not been persuaded that T has demonstrated anything near the £100,000 claimed losses. But I'm satisfied that it will have caused a degree of disruption to the business. I'm minded the £300 already offered by NatWest is reasonable, and I wouldn't look to increase it.

### **My final decision**

To resolve this complaint National Westminster Bank Plc must:

- Pay 8% simple interest per annum on the removed balance of the Euro account (EUR63,888.94) from 25 April 2023 until 6 July 2023
- Pay T £300 compensation

Any interest award may be paid in Pounds Sterling, as per the terms of the account, based on the exchange rate available at the time the funds were removed. If the bank consider that they are required by HMRC to deduct tax from the interest award, they should provide T with a certificate showing how much is taken off, should it ask for one.

Under the rules of the Financial Ombudsman Service, I'm required to ask T to accept or reject my decision before 9 July 2024.

Thom Bennett  
**Ombudsman**