

The complaint

Mr and Mrs T complain National Westminster Bank Plc (“NatWest”) restricted and then closed their accounts without explanation.

Mr and Mrs T say NatWest’s actions has caused them financial loss, distress, inconvenience and adversely impacted their credit file, especially as they weren’t able to *switch* their accounts to their new bank.

What happened

The details of this complaint are well known by both parties, so I won’t repeat them again here in detail. Instead, I’ll focus on setting out some of the key facts and on giving my reasons for my decision.

This decision only deals with Mr and Mrs T’s joint accounts. Around June 2023, NatWest blocked Mr and Mrs T’s accounts. Mr and Mrs T were later given 60 days’ notice that their accounts would be closed, but they were not given full access to them during this period.

NatWest’s actions meant Mr and Mrs T couldn’t use the Current Account Switch Service (“CASS”). They say this caused them to miss some regular payments as they couldn’t reinstate new one’s up in time with their new bank. And this then adversely impacted their credit score. Mr and Mrs T also say they spent substantive time in NatWest’s branch to resolve their issues.

Because of this, Mr and Mrs T had to reinstate their direct debits manually and in some instances, make manual payments. To put things right, Mr and Mrs T want a written apology from NatWest, their credit score reinstated to an ‘excellent’ score, and compensation for the distress and inconvenience they’ve suffered.

Mr and Mrs T complained. NatWest didn’t uphold their complaint. In summary, the key points it made were:

- The accounts were closed in line with the terms and conditions and NatWest can’t provide an explanation
- NatWest isn’t responsible for any impact to their credit files
- As NatWest were closing Mr and Mrs T’s accounts, they wouldn’t have been able to use the CASS service

Mr and Mrs T referred their complaint to this service. One of our Investigator’s looked into Mr and Mrs T’s complaint. They recommended it be upheld in part. In short, some of the key findings they made were:

- Although NatWest gave 60 days’ notice to close the accounts, the accounts remained blocked during this time. This prevented Mr and Mrs T from using the CASS service

- The credit file provided shows no adverse markers were applied to Mr T's records from June 2023. So NatWest doesn't need to amend anything
- Mr and Mrs T had to go through the trouble of reinstating their direct debits manually. Because of this, NatWest should pay £150 compensation

Mr and Mrs T didn't agree – they say £150 compensation should be paid for each of their accounts that were closed. NatWest didn't agree, and said that due to closing the accounts, Mr and Mrs T wouldn't have been able to use the CASS service. Our Investigator responded to these points saying that CASS was permitted on Mr and Mrs T's business accounts but not on these personal one's by NatWest and they weren't allowed to access the funds in their accounts.

NatWest then accepted what our Investigator said but added the amount of compensation being recommended is excessive.

As there is no agreement, this 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.

Having done so, I have decided to part uphold this complaint. I'll explain why.

Banks in the UK, like NatWest, are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. They are also required to carry out ongoing monitoring of an existing business relationship. That sometimes means banks need to restrict, or in some cases go as far as closing, customers' accounts.

Having looked at the information NatWest have provided me; I'm satisfied it acted in line with its obligations when reviewing and restricting Mr and Mrs T's accounts.

NatWest is entitled to close an account just as a customer may close an account with it. But before NatWest closes an account, it must do so in a way, which complies with the terms and conditions of the account.

The terms and conditions of the account, which NatWest and Mr and Mrs T had to comply with, say that it could close the accounts by giving them at least 60 days' notice. And in certain circumstances it can close an account immediately or with less notice.

NatWest's records show it gave Mr and Mrs T 60 days' notice. But from the information I have, and given it's not been contested, NatWest continued to restrict Mr and Mrs T's access to their accounts. That means NatWest effectively closed their accounts with immediate effect.

I'm not persuaded from the information I've been given that NatWest should have treated the closures in this way. It also appears that Mr and Mrs T were given the choice between unrestricting their business or personal accounts. This suggests NatWest didn't need to continue to restrict the accounts in the way it did- after all, it gave them 60 days' notice.

I can understand why Mr and Mrs T would want a detailed explanation about why NatWest took the actions it did. But NatWest is under no obligation to do so.

I'm satisfied NatWest acted fairly by not permitting a CASS switch to their new accounts with another bank. But I'm also persuaded that had NatWest allowed Mr and Mrs T access to their accounts, they would have been able to avoid some of the visits into branch and better manage the manual reinstatement of their direct debits. After all, the direct debits wouldn't likely have been cancelled up until the 60 days' notice.

Mr T says NatWest's failings has led to an adverse impact on his credit file. But the report he's sent doesn't show this to be the case. Firstly, he has a 972 score out of 999 – which is cited as 'excellent'. I also note that some payments were late, but this wasn't during the period after June 2023. So I don't think this is something I need to consider any further.

I have carefully weighed up what I think fair compensation would be, and in doing so referred to our approach on this – as detailed on our website. Having done that, I'm persuaded an award of £150 is fair compensation given it took reasonable effort on Mr and Mrs T's part to reinstate their direct debits which would have caused them some distress, and open new accounts more urgently than they ought to have.

To be clear, I am satisfied that the decision to block and close Mr and Mrs T's accounts was fair and reasonable. So no compensation is being awarded for any distress and inconvenience this caused.

My final decision

For the reasons above, I have decided to uphold this complaint in part. I now direct National Westminster Bank Plc to pay Mr and Mrs T £150 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs T to accept or reject my decision before 7 October 2024.

Ketan Nagla
Ombudsman