

The complaint

Mr T complains National Westminster Bank Plc (“NatWest”) restricted and then closed his accounts without explanation.

Mr T says NatWest’s actions have caused him financial loss, distress, inconvenience and adversely impacted his credit file, especially as he wasn’t able to switch his accounts to a 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 T’s sole accounts. Around June 2023, NatWest blocked Mr T’s accounts. Mr T was later given 60 days’ notice that his accounts would be closed but wasn’t given full access to them during this period.

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

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

Mr T complained. NatWest didn’t uphold his 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 the credit file
- As NatWest were closing Mr T’s accounts, he wouldn’t have been able to use the CASS service

Mr T referred his complaint to this service. One of our Investigator’s looked into Mr 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 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 T had to go through the trouble of reinstating his direct debits manually. Because of this, NatWest should pay £150 compensation

Mr T didn't agree. He says he expects substantial compensation especially as his credit rating has been destroyed. He adds that he's spent £50 alone on car parking charges, and fair compensation would be at least £1,000.

NatWest also didn't agree, and said that due to closing his accounts, Mr T wouldn't have been able to use the CASS service in line with its policy. So he would always have had to set-up the direct debits manually.

Our Investigator responded to these points saying that CASS was permitted on Mr T's business accounts but not on these personal one's by NatWest - and he was allowed to access the funds in his accounts.

NatWest then accepted what our Investigator said but question the amount of compensation being recommended as 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 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 T had to comply with, say that it could close the accounts by giving him 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 T 60 days' notice. But from the information I have, and given it's not been contested, NatWest continued to restrict Mr T's access to his accounts. That means NatWest effectively closed his 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 T was given the choice between unrestricting his business or personal accounts. This suggests that NatWest didn't need to continue to restrict the accounts in the way it did.

I can understand why Mr 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 his new accounts with another bank. But I'm also persuaded that had NatWest allowed Mr T access to his accounts, he would have been able to avoid some of the visits into branch and better manage the manual reinstatement of his 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 T's part to reinstate his direct debits which would have caused him some distress, and he had to open new accounts more urgently than he ought to have.

To be clear, I am satisfied that the decision to block and close Mr T's accounts with 60 days' notice 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 T £150 compensation.

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

Ketan Nagla
Ombudsman