

The complaint

Mr M has complained that his bank, National Westminster Bank Plc ('NatWest'), closed his account without notice and without an explanation. He says this caused him to miss direct debit payments and he's also not able to open a new account.

What happened

Mr M had three bank accounts with NatWest which were closed in June 2023 with immediate effect. When NatWest wrote to Mr M it also said that all banking facilities were being withdrawn including standing orders and direct debits. It gave Mr M 14 days' notice before closing the account, but he was unable to use it from the date of its letter.

Mr M wasn't happy about this and complained in July 2023. He said he wanted a full explanation as to why his account had been closed and also to receive the remaining funds in the account. NatWest responded ten days later but it didn't uphold the complaint. It said that its decision was in line with its terms and conditions and that it's not obliged to provide an exact reason for the closure. It said it would have a decision regarding Mr M's funds within 60 days but also asked that he returns a funds release form to avoid delays.

Mr M then brought his complaint to us. He said that he had been declined credit everywhere despite having a good credit score. He also said he was left jobless between August and October 2023 as he didn't have a bank for his pay to go into. He added that his car insurance got cancelled because his direct debits failed and he can now only take out short term insurance. He said his debt has also increased. Mr M also informed us that another bank he had an account with registered a Credit Industry Fraud Avoidance System ('CIFAS'- the UK's fraud alert service) marker against him in March 2022.

One of our investigators reviewed the complaint but didn't think it should be upheld. He thought NatWest was acting within its legal and regulatory obligations and that the immediate closure of the account was fair.

Mr M didn't agree and asked for an ombudsman's decision and the matter was passed to me to decide. In the meantime, NatWest said that it had received Mr M's funds release form in September 2023 and released the funds to him the following day.

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.

I'd firstly like to explain that our rules allow us to receive evidence in confidence. We may treat evidence from banks as confidential for a number of reasons- for example, if it contains security information, or commercially sensitive information. Some of the information NatWest has provided is information that we considered should be kept confidential. This means that I haven't been able to share a lot of detail with Mr M, but I'd like to reassure him that I have considered everything.

It might also be helpful if I explain that our service doesn't punish or fine businesses, and it's also not our place to say that a procedure the business follows is incorrect. Only the industry regulator, the Financial Conduct Authority (FCA), can do this.

NatWest has important legal and regulatory responsibilities to meet when providing accounts to customers. Those obligations are ongoing and don't only apply when an account is opened. They can broadly be summarised as a responsibility to know its customers, monitor accounts, verify the source and purpose of the funds as well as detect and prevent financial harm.

NatWest will review accounts to comply with these responsibilities. It's common practice for banks and other financial service providers to restrict access to accounts to conduct a review- doing so helps prevent potential financial loss or other harm that could otherwise result.

NatWest's terms and conditions say that it can close an account by giving two months' notice or with immediate effect in certain circumstances.

Having reviewed all the evidence, including the information NatWest provided in response to the investigator's view, I'm satisfied that it was acting in line with its legal and regulatory obligations when it reviewed Mr M's account.

I've also considered the basis for NatWest's review, which I find was legitimate and in line with its legal and regulatory obligations. So I'm satisfied NatWest acted fairly by blocking Mr M's account.

As I said above, NatWest decided to close the account with immediate effect. It's generally for banks and financial businesses to decide whether or not they want to provide, or to continue to provide, banking facilities to any particular customer. Unless there's a very good reason to do so, this service won't usually say that a bank must keep a customer or require it to compensate a customer who has had their account closed. So, I've decided not to ask it to reopen the accounts.

Having looked at all the evidence and the terms and conditions I'm satisfied that NatWest was acting fairly and reasonably when it closed the accounts with immediate effect. NatWest has provided some further details of its decision-making process which, unfortunately, I can't share due to its commercial sensitivity. But I've seen nothing to suggest that NatWest's decision around closing Mr M's account was unfair.

Mr M said that NatWest didn't tell him why it had decided to close his accounts. But it's under no obligation to do so, just like Mr M wouldn't be obliged to tell NatWest if he had

decided to go to another bank. So I don't think NatWest has been unfair or unreasonable here.

Mr M said that the closure of his accounts has led to him being unable to pay some of his bills, for example, his car insurance and also his road tax. He said this has also pushed him into debt. I was very sorry to hear this but, as I said above, I don't think NatWest's decision to close the accounts with immediate effect was unfair or unreasonable so I won't be asking it to compensate Mr M for the losses he said he sustained.

Mr M has also mentioned that another bank registered a CIFAS marker against him and he has made a separate complaint about that bank to us. Though I have not reviewed his other complaint and this decision is solely about NatWest's actions, I think it is likely that having a CIFAS marker impacted his ability to open new accounts more than NatWest's decision to close his accounts.

I appreciate Mr M will be disappointed with my decision. But for the reasons I've given I don't think NatWest has acted in a way that was unfair or unreasonable in the circumstances.

My final decision

For the reasons above, I am not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 9 October 2024.

Anastasia Serdari
Ombudsman