

The complaint

Mrs P complains National Westminster Bank Plc unfairly closed her business account without telling her why, delayed releasing the funds they held and provided poor customer service.

What happened

What follows repeats much of the background I set out in my provisional decision. I'm repeating some of that same background here as it remains relevant to this final decision.

Mrs P held an account for her business which was previously a partnership. Her former partner is her ex-spouse, who she says was not involved in the business for a considerable period – although they remained on the account mandate.

This decision only concerns the closure of the former partnership account. Mrs P has other complaints with our service about the closure of her personal accounts and an account held by a limited company for which she is a director. I'm issuing separate decisions for those complaints.

In early February 2022 NatWest decided to terminate their relationship with Mrs P and closed her personal accounts. Later on, NatWest took the decision to close the former partnership account, along with the account of the limited company. Mrs P believes this later action stemmed from her drawing her business accounts to NatWest's attention when communicating with them about the closure of her personal accounts.

NatWest initially refused to transfer the funds held in the former partnership account because they needed the former partner to also complete a reclaim funds form as they were still on the account mandate. Mrs P explained that by virtue of a consent order issued in 2012 her former partner was required to remove themselves from the account giving sole control of it to her. From that time the partnership no longer subsisted and properties that were previously jointly owned became solely owned by Mrs P, and she ran and operated the business and the account by herself.

NatWest said that they weren't party to the order and had no record of a request to change the mandate on the account. They reached out to Mrs P's ex-partner and obtained their permission to release the funds previously held in the account to her. NatWest sent the funds to her in May 2022.

Mrs P said she experienced a great deal of distress and inconvenience as a result of NatWest's actions and her business reputation had been affected. She had to wait nearly three months to get the money from this account for entirely unjustifiable reasons.

When Mrs P brought this complaint to our service, she was told we couldn't proceed with the complaint as her ex-partner wasn't joined. I reviewed this decision and I found it was appropriate to consider her complaint. I also provisionally decided not to uphold her

complaint. I said:

“The Dispute Resolution Rules (DISP) set out in the main our service’s powers and jurisdiction, including who is eligible to bring a complaint to our service.

I’m satisfied under DISP that Mrs P is eligible to bring a complaint about the closure of her former partnership account to our service and I have the power to consider it. I haven’t seen evidence to demonstrate she isn’t an eligible microenterprise under DISP 2.7.3 (2) R and by holding the account with NatWest she was their customer, so held a valid relationship under DISP 2.7.6 R.

I understand Mrs P’s ex-partner was still on the account mandate, so NatWest potentially could have acted on an instruction from them when the account was operational. But I don’t find the fact Mrs P’s ex-partner isn’t joined to this complaint means Mrs P becomes ineligible to complain.

In some instances, our service may consider it inappropriate to consider a complaint and dismiss it under one of the grounds stated in DISP 3.3.4A R. And, one ground where our service might dismiss a complaint is where “dealing with such a type of complaint would otherwise seriously impair the effective operation of the Financial Ombudsman Service” (DISP 3.3.4A (5) R).

DISP 3.3.4B G provides a non-exhaustive list of examples which might seriously impair our service’s effective operation. One of those examples is under DISP 3.3.4B (5) G, which says:

“It is a complaint which:

(a) involves (or might involve) more than one eligible complainant; and

(b) has been referred without the consent of the other eligible complainant or complainants,

and the Ombudsman considers that it would be inappropriate to deal with the complaint without that consent.”

In some instances, a joint account holder may also be an eligible complainant for the complaint we are being asked to consider. But being a joint account holder does not by itself mean they are in fact an eligible complainant for the complaint.

In addition to other requirements under DISP 2.7.6 R, to be an eligible complainant the person(s) bringing the complaint must have a ‘complaint’ [emphasis added] which arises from a qualifying relationship with the firm.

“Complaint” is defined in the FCA handbook glossary as:

“any oral or written expression of dissatisfaction, whether justified or not, from, or on behalf of, a person about the provision of, or failure to provide, a financial service...which, (a) alleges that the complainant has suffered (or may suffer) financial loss, material distress or material inconvenience; and (b) relates to an activity of that respondent, or of any other

respondent with whom that respondent has some connection in marketing or providing financial services or products or claims management services, which comes under the jurisdiction of the Financial Ombudsman Service”.

I cannot see Mrs P’s ex-partner made an allegation of loss along the lines of the complaint Mrs P has asked our service to consider. And based on the information available to me NatWest said her ex-partner agreed to them sending all the money previously held in the account to Mrs P, which ties in with what Mrs P said about the consent order and what it represented.

So, given the above, I don’t find considering Mrs P’s complaint about the closure of the former partnership account is inappropriate or would seriously impair the effective operation of our service. As a result, I have gone on to consider the merits of Mrs P’s complaint. Having done so, I’ve provisionally decided not to uphold the complaint.

NatWest has important legal and regulatory obligations to carry out when providing accounts. It’s common industry practice for firms, including NatWest, to carry out reviews, which may either be event driven or periodic in relation to those obligations. As part of a review a firm might without notice block an account and/or decide to close an account, and sometimes they may close an account immediately depending on the nature of their review and its results.

NatWest’s basis for closing Mrs P’s account was the same as for the other accounts they closed. Understandably Mrs P wants to know NatWest’s reasons for closing her former partnership account, and she has referenced NatWest’s terms and conditions. But after considering the nature of the information NatWest has provided I’ve decided to accept it in confidence which is a power afforded to me under DISP 3.5.9 R: which states:

“The Ombudsman may:

(1) exclude evidence that would otherwise be admissible in a court or include evidence that would not be admissible in a court;

(2) accept information in confidence (so that only an edited version, summary or description is disclosed to the other party) where he considers it appropriate;

...”

The description of the information I have accepted in confidence is it justifies NatWest’s decision, and its nature has led me to provisionally decide that awarding H compensation would not be a fair or appropriate outcome for the closure of the account and the losses Mrs P and her business experienced that flowed from this action.

So, I’m also not currently awarding compensation for the length of time it took to have the funds released to Mrs P that were previously in the account, the distress and inconvenience she experienced in relation to her business, and the customer service she received when communicating with NatWest in relation to her business. I also do not require NatWest to disclose their reasons for closing the account to her.”

Mrs P disagreed with the outcome I reached. She made the same points in relation to all of the provisional decisions I made, which is understandable given NatWest’s basis for closing all the accounts she held or had mandate over was relevant to all those decisions.

In summary Mrs P said NatWest closed her accounts for no reason at all and she was very disappointed I accepted information from them in confidence. She believes I misapplied

DISP 3.5.9 R by not providing a sufficient description of the information I accepted in confidence, and while I have the power to accept information in confidence I am not obliged to. She also said NatWest's reasons must not relate to anti money laundering concerns given her funds were returned to her.

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've decided that Mrs P's complaint is appropriate to consider, and my final decision is that I am not upholding it. I have considered Mrs P's response in full, but it has not caused me to change the outcome I reached in my provisional decision. My provisional findings are copied above and now form my findings for this final decision.

I've still decided it's appropriate to accept the information which relates to NatWest's reasons for closing Mrs P's accounts, including this business account, in confidence. Mrs P is very disappointed I am not revealing to her NatWest's reasons or more about the information I have accepted in confidence. I understand why, given she feels strongly she hasn't breached any of NatWest's terms or acted in any improper way. And, although it might not provide Mrs P with any solace, this is not a decision I have taken lightly.

Mrs P believes I have misapplied DISP 3.5.9R, but I'm satisfied that a description of the information it relates to the customer relationship Mrs P held with the bank, including her accounts and their use, and the information provides the basis of NatWest's reasons for terminating their relationship with her and the accounts she had mandate over. I'm satisfied that the nature of the information is confidential, such that any further description would compromise that confidentiality. I don't find the rule requires me to provide more of a description than I have.

I appreciate Mrs P has said NatWest's concerns must not relate to anti money laundering, and I can understand why she is speculating on what their reasons were or weren't. But I am not commenting further on what NatWest's reasons were or how they relate to their decision to return funds to her.

My final decision

My final decision is I am not upholding Mrs P's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P to accept or reject my decision before 20 September 2024.

Liam King
Ombudsman