

The complaint

Mr I complains that National Westminster Bank Plc closed his account without giving him a reason and that it delayed releasing the balance of funds in the account.

What happened

Mr I had an account with NatWest. On or about 22 December 2023 the bank placed restrictions on the account while it carried out a review. It then decided that it wished to close the account and sent formal notice of closure on 28 December 2023, saying the account would be closed in 14 days. Mr I had already completed a funds release form (giving NatWest details of the account to which funds should be transferred). The bank received the form on 2 January 2024. It continued its review – which included the consideration of some external information.

Mr I says that he contacted NatWest about the review and the restriction and closure of his account, but was given unhelpful and contradictory information. He says too that staff were unhelpful and rude.

Mr I's account was closed on 18 March and funds released to him on 26 March 2024.

Our investigator considered what had happened and issued a preliminary assessment. He concluded that NatWest had acted correctly in closing the account, but that there had been delays in the bank's review. This in turn meant that the review had taken longer than it should have done and that funds had been withheld from Mr I for longer than necessary. He recommended that the bank pay interest on the account balance for the periods when there was a delay and that it pay him £100 in recognition of the inconvenience caused.

NatWest accepted the investigator's recommendation, but Mr I did not; he asked that an ombudsman review the case. He did not believe that the amount recommended by the investigator was sufficient. He said that, as a result of not being able to access funds in the account, he had incurred charges and late payments fees. And he did not feel that £100 was enough to compensate him for the stress he had suffered.

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, however, I have reached broadly the same conclusions as the investigator did, and for similar reasons.

As the investigator noted, the decision to close Mr I's account was a commercial one for the bank to take. This service won't usually intervene in a bank's legitimate exercise of its commercial judgment, and I see no reason to do so in this case.

I also believe that it was reasonable of the bank to review the account and its operation before releasing funds to Mr I. Banks have certain legal and regulatory duties, and I am

satisfied that it was acting to ensure that it met its various obligations in carrying out the review.

I do however accept that the review – and with it the release of funds to Mr I – took longer than it should have done. The investigator noted that the bank did not appear to be taking any active steps in the review between 17 January and 6 March 2024. He thought too that funds could have been released ten days earlier than they were – on 16 rather than 26 March 2024. It was appropriate for interest to be paid for those periods. I agree with that assessment.

Whilst I note what Mr I has said about the effect on him of the bank's actions, I believe the primary reason for his stress was the fact of closure of the account. That was however a legitimate step for the bank to take. I do accept however that the manner in which the closure and release of funds were handled would have added to Mr I's concerns, so some modest compensation is appropriate.

Mr I said he had incurred charges when he had no access to his funds. He has however provided no evidence of that, so I am not making any award in respect of it.

Putting things right

As I indicated, NatWest accepted the investigator's assessment and made an offer in line with it. I will nevertheless make a formal award, so that the offer remains open for acceptance and so that Mr I can enforce it, should that be necessary.

My final decision

My final decision is that, to resolve Mr I's complaint in full, National Westminster Bank Plc should pay Mr I:

- Interest at 8% a year simple on his account balance between 17 January and 6 March 2024 and between 16 and 26 March 2024; and
- £100.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr I to accept or reject my decision before 4 November 2024.

Mike Ingram

Ombudsman