

## The complaint

Mr A complains NATIONAL WESTMINSTER BANK PUBLIC LIMITED COMPANY unfairly closed his account and delayed returning his funds.

## What happened

Mr A opened a new account with NatWest and made two transfers in totalling £15,000.

Although Mr A's account had been opened, his application continued to be reviewed by NatWest. Following its review NatWest made the decision to close Mr A's account with immediate effect. Mr A was informed the balance on the account would be returned to him within 60 days.

Mr A raised a formal complaint about the closure and timeframe for returning his funds. NatWest issued a final response letter on 23 April 2024 explaining that the closure was carried out in line with the account terms and conditions, and it wasn't obligated to provide more specific details. NatWest confirmed it had received the funds release form from Mr A on 17 April 2024 and it was being processed. Although no specific timeframe could be provided, it aimed to release funds within 60 days.

Mr A remained unhappy with NatWest's handling of matters and referred his complaint to our service. An Investigator considered Mr A's concerns and made the following findings:

- NatWest has provided its reasons to this service for closure, and they are fair.
- NatWest doesn't need to provide specific reasons to Mr A.
- The closure was carried out in line with the account terms and conditions.
- There was a delay in releasing the funds and they should've been returned to Mr A on 1 May 2024.
- NatWest should return the funds to Mr A and apply 8% simple interest on the withheld balance from 1 May 2024 to the date of release.

NatWest agreed to the recommendation made. The balance of £15,000 was made to Mr A via bank transfer on 17 June 2024. On 16 August 2024 NatWest wrote to Mr A to confirm the funds had been returned to Mr A and it specified the interest applied to the balance – which was £41.21. Mr A explained to the Investigator that he believed the calculation was incorrect and the interest hadn't been applied correctly.

On 16 September 2024 NatWest wrote to Mr A again, explaining it had enclosed a cheque for £82.41 – bringing the total amount paid to Mr A to £123.62. Mr A remained unhappy, and the Investigator explained that the interest was applied on £15,000 between 1 May 2024 to 17 June 2024 which is when the funds were returned. The Investigator was satisfied the calculations carried out by NatWest were correct and didn't consider the amount paid to be wrong.

Mr A remained unhappy with the amount paid in interest and explained that his bank does not accept cheques. NatWest explained that it can make a CHAPS payment but Mr A's bank doesn't accept these. Due to the payment issues NatWest offered to send the payment via a

different system, but Mr A didn't accept this as says the initial amount offered was unacceptable and further compensation should be paid.

As no agreement could be reached the complaint has been referred to an ombudsman for a final decision.

### **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 can see Mr A feels very strongly about his complaint. That's clear from what's he's said to us and to NatWest. I appreciate Mr A was disappointed by the Investigator's opinion and wants further compensation. I'd like to reassure Mr A that I've considered the whole file and what's he's said. But I'll concentrate my comments on what I think is relevant. If I don't mention any specific point, it's not because I failed to take it on board and think about it, but because I don't think I need to comment on it to reach what I think is a fair and reasonable outcome. No discourtesy is intended by me in taking this approach, it simply reflects the informal nature of our service.

As a UK financial business, NatWest is strictly regulated and must take certain actions in order to meet its legal and regulatory obligations. It's also required to carry out ongoing monitoring of an existing business relationship. This includes establishing the purpose and intended nature of transactions as well as continuing to carry out due diligence checks on account holders, and there may be penalties if they don't. That sometimes means NatWest needs to restrict, or in some cases go as far as closing, customers' accounts.

NatWest has explained and given me information to show why it reviewed and closed Mr A's account. Having carefully considered this, I'm satisfied NatWest took these actions in line with the obligations it must adhere to. In addition, 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. Having reviewed the terms of the account held by Mr A, I'm satisfied NatWest's decision to close the accounts is in keeping with them and appropriate in the circumstances.

I know Mr A feels NatWest has acted unfairly given the lack of information provided to him about the closure. Ultimately Mr A would like a detailed explanation as to why NatWest took these actions. But NatWest isn't under any obligation to provide this. I would add too that our rules allow us to receive evidence in confidence. We may treat evidence from regulated businesses 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 we consider should be kept confidential. Having carefully considered this information, I'm satisfied NatWest acted fairly in deciding to end its banking relationship with Mr A.

The terms of Mr A's accounts allow NatWest to close his account immediately in specific circumstances and I'm satisfied the necessary requirements had been met in Mr A's case. Mr A says NatWest's decision to close his account immediately caused him significant distress and inconvenience. I do appreciate this matter would've caused Mr A some difficulty. However, I can see the account with NatWest had only just opened and Mr A had made transfers into it. I can't see that Mr A was relying on this account for day to day living and he had accounts elsewhere. So although I understand the closure caused inconvenience, I don't consider this to be exceptional in Mr A's case.

Mr A's account had a balance when it was closed, and this service would generally expect NatWest to return these funds as soon as possible, without undue delay. The Investigator found the funds should've been returned on 1 May 2024, and NatWest agreed with this finding. Mr A says NatWest's interest calculation is incorrect. I've considered the details of the calculation provided by NatWest and I am satisfied the figure reached is accurate and in keeping with the recommendation made.

Mr A maintains the interest amount recommended is inadequate compensation. Reaching an award for distress and inconvenience is seldom straightforward. The issues involved are subjective by their very nature and the impact on the consumer can be difficult to determine. Our awards are not intended to be punitive for businesses. The primary purpose of our awards for distress and inconvenience are to recognise the impact on a consumer where there have been shortcomings. In Mr A's case I've considered the timeline of events and the underlying issues – and NatWest was entitled to close the account and hasn't acted improperly by doing this. The block would inevitably cause Mr A a level of inconvenience, and although I agree NatWest could've done better, I don't think this warrants further compensation. The application of interest at 8% simple on the balance in Mr A's account is in line with this service's approach to compensation when a customer has been deprived of funds. And in Mr A's case I see no reason to depart from this approach and increase the compensation due.

I can see there has been multiple issues with paying compensation to Mr A due to his bank not accepting cheques or CHAPS payments. NatWest has agreed to make the transfer using a payment link service, and Mr A can accept the compensation payment using this if he wishes to do so.

I know this will not be the outcome Mr A was hoping for and he will be disappointed with the decision I've reached. But I hope my decision provides some clarity around why I won't be asking NatWest to increase its compensation award to Mr A.

### **Putting things right**

To put things right, NATIONAL WESTMINSTER BANK PUBLIC LIMITED COMPANY must:

- Pay Mr A 8% simple interest on the account balance from 1 May 2024 to 17 June 2024, when the funds were returned. \*

\*If NATIONAL WESTMINSTER BANK PUBLIC LIMITED COMPANY considers that it's required by HM Revenue & Customs to deduct tax from that interest, it should tell Mr A how much it's taken off. It should also give Mr A a tax deduction certificate if they ask for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

### **My final decision**

I uphold this complaint in part. NATIONAL WESTMINSTER BANK PUBLIC LIMITED COMPANY should put things right as outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 8 May 2025.

Chandni Green  
**Ombudsman**