

## The complaint

The trustees of a trust which I'll refer to 'T' complain that National Westminster Bank Plc ('NatWest') unfairly closed the trust's account and haven't returned the funds that were in the account.

## What happened

T held a reserve account with NatWest which regular dividends were credited into. T had also previously held a current account with NatWest until 2018, but this was closed by the bank due to being dormant.

T's trustees told us:

- The trust was originally started in the 1800's, over the years there had been different uses for the land until it was sold in the 1960's. Unfortunately, over the years although there were changes to the schemes linked to the trust, these were not updated which has meant that the trust was out of date and needed changing.
- In 2018, NatWest closed T's current account as the bank said it was a dormant account. The bank hadn't provided an explanation for why the account had been closed shortly after there had been changes made to the signatories. Since then, they'd told the bank that the funds held in T's other account couldn't be used until the trust had been updated to say what the funds should be used for. So, they'd asked that a note be put on T's account to reflect this.
- In February 2024, NatWest wrote to T to say that it had decided to end its banking relationship with the trust. However, T didn't have an account elsewhere to pay the balance of the account into and couldn't open a new one because of the outdated trust documents – which the bank was aware of. The trustees also couldn't pay T's funds into their own accounts as the funds didn't belong to them and they didn't want criticism or questions about the use of the funds. They'd asked NatWest for advice on how to receive T's funds via a different method, but it hadn't responded.
- NatWest's service when dealing with the trust had been poor. Amongst other things it had repeatedly sent letters about updating T's information despite being told this wasn't possible, its processes had been poor, and T's account had been restricted so it couldn't receive dividends. T had also incurred legal fees from its solicitor trying to resolve the account issues.

NatWest told us:

- It had legal and regulatory obligations that it needs to meet and as part of this, it needs to hold accurate information for its customers. So, it had requested information from T as part of a 'Know Your Customer' review. It was satisfied it had told T what information needed to be provided and why it needed that information.
- It had requested information from T from July 2022 until April 2023 via letter, email,

text message and phone. It had also told T that if the information wasn't received as requested, restrictions could be placed on the account.

- In November 2022, the trustee's said changes were being made to the trust which would take around six weeks to complete so it had extended the deadline for the information to be provided. As the information wasn't received, it had restricted access to T's account. There were several occasions where the bank restricted T's account, but further information or updates were provided by T and the restrictions were lifted.
- In January 2024, it told T that it couldn't extend the deadline for the information to be provided any further. In February 2024 it had given the trust 90 days' notice of its intention to close the account if the information wasn't received. Then in March 2024, it told T that if the information wasn't received by 24 April 2024 the account would be closed. It was eventually closed on 20 May 2024 and a cheque was issued for the balance of the account, so it didn't think it had done anything wrong.
- T's trustees said they were unable to cash the cheque for the account balance as the trust didn't have an account elsewhere. It had provided the trustees with a reclaim of funds form and instructions on how they should complete this.

Our investigator recommended the complaint be upheld in part. She said in summary that:

- NatWest had requested information from T so that it could complete its legal and regulatory checks, and when this wasn't received the bank closed the account – which she thought was reasonable.
- NatWest wasn't to blame for T needing new governance documents to open a new account or that the trust couldn't make a cheque for the account balance payable to an alternative name. It also wasn't reasonable to ask NatWest to refund the T's legal costs as it been the trust's decision to seek legal advice.
- NatWest had provided alternative methods for T to access the funds, but the trustees didn't wish to use them. It wasn't fair to hold the bank responsible for this.
- She didn't think NatWest had given T good customer service when the trust had tried to reclaim its funds, as it hadn't replied to T's requests for assistance, so she thought it should pay the trust £250 for the inconvenience caused.

NatWest accepted the investigator's opinion, but T's trustees didn't. They said in summary that:

- NatWest sent letters to one of the trustees at the other trustee's address causing confusion, it had also sent text messages which they hadn't agreed to receive.
- The trustees hadn't been able to access the bank's business portal to upload any documents.
- The trustees were unable to give any completion date for the issues with T's documents as discussions were still ongoing. However, they felt that had the bank been clearer about what was required, a copy of the trust deed could have been provided which would have prevented T's account being closed.
- The trustees wished to transfer T's funds elsewhere but have had no advice on how

they can legally do this. NatWest had sent several payment instruction forms, but the bank hasn't provided any advice or solution that the trustees can accept.

- They don't consider that NatWest has responded to their complaint as it didn't answer their questions or requests for advice.
- The compensation wasn't sufficient for the stress caused by NatWest's actions and was unacceptable as it hadn't been offered by the bank.

### **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 acknowledge T's trustees feel strongly about what's happened. They've provided a lot of information and testimony in support of T's complaint. I've read and considered everything the trustees have provided, however, in this decision I've not commented on each and every point they've raised. I don't mean this as a discourtesy, this is simply due to the informal nature of this service which allows me to do so.

The key complaint here is in essence that the trustees feel T's account was restricted and closed unfairly, as they'd already made NatWest aware that T's governing documents needed to be amended, and that these were being reviewed. They also say that NatWest won't provide them a reasonable way to access the balance which was held in T's account. I'm sorry to disappoint the trustees, but there's not much more that I can add to what our investigator has already said.

I recognise that the trustees found it frustrating that the bank repeatedly asked for information about the trust after the trust deed, trust's structure, and trustee's had already been provided. And that NatWest's staff didn't appear to understand the complexities of the trust's fund, despite receiving copies of the trust deed and an explanation from both the trustees and T's solicitor for why it couldn't give the additional information the bank wanted. However, I'm not persuaded NatWest has behaved unreasonably here.

NatWest has legal and regulatory obligations to ensure that it has sufficient knowledge of its customers. Therefore, the bank may need to check from time to time that the information it holds for its customer is correct. It is a commercial decision which NatWest is able to make on how often it undertakes these checks and what information (within reason) it needs to comply with its obligations. And if the bank doesn't receive the information it needs, it is entitled to take actions with regards to those customers, such as restricting access to, or closing an account. This is highlighted in under term 5.3 of NatWest's business account terms. So, whilst I acknowledge that T was caused inconvenience because it couldn't receive its dividends due to the account restriction, I don't think NatWest has behaved unreasonably here.

I understand T's trustees' strength of feeling here. However, the bank didn't get the information requested from T, and it isn't obligated to keep accounts open indefinitely whilst its customers seek to resolve any issues they may have in order to provide the requested information. I recognise that T's trustees say that if the bank had been clearer about what it needed then they could have provided the outstanding information. But I'm not persuaded that's the case because the trustees have repeatedly said there were issues with the trust documents which they were reviewing, so I think it's unlikely they would have been able to provide what was required to prevent the account closing. Furthermore, I can see that NatWest also gave T three months' notification of its intention to close its account, which was more than the 60 days required as part of the account terms. So, I think it gave T a

reasonable amount of time to look for an account elsewhere. I can't fairly hold NatWest responsible because T was unable to do so.

I also don't think it would be fair for me to ask the bank to pay T's legal costs regarding the status and limitation of the trust. Whilst I understand that the trustees are in an unfortunate position here, it isn't the bank's responsibility to cover legal costs which may be required to keep an account open. NatWest was providing T with the facilities that it requested, and it's reasonable for the bank to request the information needed for it to continue providing those facilities. I don't think there is any basis on which it would be fair for NatWest to pay T's legal costs so it could continue to do this. The alternative was for the bank to terminate its relationship with T, which at the time the trustees didn't want it to do. It was T's decision to use a solicitor to provide the information in the manner it did, so I won't be asking NatWest to refund the trust's legal costs.

T's trustees told us they don't feel the complaint has been resolved because they didn't get advice on how they could access T's funds. They also have concerns about paying T's funds into another account and want a guarantee from NatWest that there would be no difficulty accessing T's funds. However, whilst I understand this has caused frustration for the trustees, I don't think it's unreasonable that the bank hasn't been able to do more here. I think it's reasonable that NatWest is unable to provide a guarantee for something which is likely outside of its control as it will depend on who holds the account designated by the trustees to receive T's funds. NatWest also isn't obligated to provide any advice or guidance to T about which other banks or institutions may be able to help.

The bank has issued T with a cheque for the balance of its account, which is in line with its process, and I can't fairly hold the bank responsible because T doesn't have an account elsewhere to pay this into. NatWest has also provided the trustees with alternative methods to access the funds. I understand that the trustees don't think these methods are suitable and would like the funds paid into a different account. However, NatWest has explained that it is only able to release T's funds in the format already advised to T's trustees. I do think it's worth noting here that the bank did say that it could potentially look to make a transfer to another account, providing the bank's legal requirements as part of its reclaiming process are met.

I understand that this has been frustrating for the trustees, given that the bank has said it can pay the funds to them rather than an account elsewhere held in a previous name of the trust. But that is a commercial decision for the bank to make and – provided that doing so does not result in unfairness in the circumstances of an individual complaint – not one for me to interfere in. Nevertheless, the bank has told me that the trustees can nominate T's solicitors client account to receive the transfer of T's funds (which the trustees have suggested may resolve this issue), provided this account information is completed within the reclaim form required by it as part of its reclaim process. I am hopeful that this provides a resolution for the trustees of how they can access T's funds in a suitable way.

T's trustees told us they were unhappy with how NatWest responded to T's complaint, and that the bank hadn't helped them access the funds which had been held in T's account. I'm sorry to disappoint the trustees but complaint handling isn't an activity that falls within our jurisdiction, so I can't look at the actions taken by the bank's complaint team such as replying to T's solicitors rather than the trustees or the lack of response from the complaints department about this.

I understand this process has been frustrating for T's trustees and I can see that there have been repeated occasions where they have asked NatWest for assistance and not received a response. I acknowledge that NatWest likely couldn't have added anything further about its process and how it was able to release the funds which had been held in T's account. But, I

think it should have actually responded to the trustees queries and confirmed that it couldn't or wouldn't be adding anything further so that the trustees didn't feel that they were being ignored by the bank. I can see that NatWest's actions caused the trustees frustration and inconvenience, so to put things right I think the bank should pay T £250 compensation.

### **My final decision**

My final decision is that I don't uphold T's complaint about the account closure. However, I think the customer service provided by the bank has been poor. Therefore, I instruct National Westminster Bank Plc to pay T's trustees £250 compensation for the inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask T to accept or reject my decision before 10 March 2025.

Jenny Lomax  
**Ombudsman**