

The complaint

C, a limited company, complains National Westminster Bank Plc (NatWest) blocked its account. C is represented by Mr T, a director.

What happened

C was contacted by NatWest as it needed to carry out a review. NatWest asked for various things from C and, at times, blocked its account.

C's account was blocked in April 2024 and Mr T complained to NatWest. Mr T felt he'd sent in all the information, and answered all the questions he needed to, so it was unfair to keep blocking C's account.

NatWest responded to say a review was being carried out and each request needed to be looked at by a specialist team. NatWest said until C received a completion letter, the review was ongoing.

NatWest accepted C's business manager might have said the review was finished, but it wasn't. NatWest also sent a breakdown of each block and the reasons behind them.

Unhappy with this response, Mr T brought C's complaint to this service. An investigator looked into things but didn't think the complaint should be upheld.

The investigator didn't think NatWest had made any mistakes with the restrictions on C's account. The investigator was satisfied NatWest was carrying out a review and asked for information, but C had returned information which didn't meet NatWest's requirements.

The investigator said NatWest can't guarantee all documents would be accepted until they'd been reviewed. The investigator also said NatWest can block and even close C's account if the requested information isn't received.

Mr T didn't accept this outcome, and said he was told by NatWest C's account wouldn't be blocked again, but it was. This block meant a medical payment wasn't made and this impacted another director's dependent.

Mr T also said C didn't fit the financial conduct authority (FCA) guidance for the type of review NatWest carried out.

Mr T asked for an ombudsman to decide things.

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.

NatWest is entitled to carry out reviews of its customer's accounts, and there are additional

requirements for limited companies.

Mr T has said C doesn't fall under any of the high risk categories and is an existing, known business for NatWest, and has had significant lending over the years.

The link Mr T sent in, for the FCA's money laundering guidance, says:

Customer due diligence

Amendments to regulation 28 require firms to update their records relating to the beneficial ownership of corporate clients. Firms also need to understand the ownership and control structure of their corporate customers, and record any difficulties encountered in identifying beneficial ownership.

So, although I agree C doesn't appear to fit any of the high risk categories, NatWest still has an obligation to understand how C is set up and identify directors and shareholders.

This is what NatWest was trying to do as part of its review. I can see NatWest received this information, but one of the shareholders in C was another limited company, so this doesn't appear to have been a routine review, as details of this other limited company was needed.

I can see NatWest asked, in March 2023, for some proof of address for the trading address, and received a utility bill showing a different address. NatWest asked again for proof of address but didn't receive anything more.

In April 2023, NatWest blocked C's account. NatWest's terms and conditions allow it to block an account, and it appears NatWest applied the block to try and force some contact between C and it.

It seems the address issue was solved with some intervention from C's business manager, but the review continued. C was then asked, by email in November 2023, about beneficial ownership and some payments it had made overseas.

I can see Mr T responded to this email, but it seems the information wasn't correct, or at least wasn't what NatWest needed. From NatWest's notes I can see it wrote out to C in January and February 2024.

C's account was blocked again in February 2024 for a few days then unblocked after contact from Mr T.

Two calls were made later in February 2024, without success, and a further attempted call in March 2024. Mr T emailed NatWest, in March 2024, to say he couldn't access the system to load information, and it appears he was given a code for access.

NatWest emailed and wrote out in April 2024, and blocked C's account again.

NatWest spoke to Mr T in early April 2024 and Mr T said he'd seen the email in late March but didn't respond to it because he thought he'd already answered all the questions.

C then complained to NatWest, and later provided the required information.

It doesn't appear C's account has been blocked since, and I've reached out to NatWest to confirm if the review has finished.

NatWest says the review is now archived and not accessible, which I assume means the

review is over, but this doesn't mean C's account won't ever be blocked again.

If NatWest becomes aware of other issues, or the review criteria change again, then it may choose to block C's account again – in line with its terms and conditions.

NatWest also said in its initial submissions to this service it seemed, as of August 2024, C's account was operational and nothing more was needed for the review.

I accept blocking C's account, a number of times, would have been inconvenient for C. But I also have to balance the fact these blocks were to prompt C to provide information NatWest needed to complete its review.

Not completing the review would likely have meant NatWest issuing C with notice to close its accounts. This is a serious step, and not one I'd expect NatWest to take lightly, and I think NatWest was very fair to C.

The review of C took some considerable time, well over a year to complete. And there were times where C wasn't sending in the required information, but rather than simply give notice to close, NatWest continued to correspond and instead blocked C's account as a prompt.

I realise C feels the blocks were unnecessary, but I disagree. NatWest had a regulatory obligation to get the information it asked for and gave C a lot of time to provide it. And NatWest wrote, emailed and called in an effort to get the information it needed.

I've looked at how long C's account was blocked for, and I don't think the length of these blocks was unreasonable. From what I can see, C's account was blocked on three occasions and the longest block was six days.

And NatWest was unblocking C's account even when it didn't have the information it was waiting for. I think NatWest might still have treated C fairly if it had refused to take the block off until it received the information it needed.

Instead, NatWest was using the blocking of the account to force contact from C, and in the circumstances, I don't think this was unreasonable. NatWest contacted C often, via different channels, and often got no response.

Mr T has said the block was very distressing and inconvenient for a fellow director's family, and from what he's explained I agree it was. But I can only look at any inconvenience or financial loss caused to C, it's the complainant here, not any of the directors.

And I could only look at any loss or inconvenience for C if I think NatWest's made an error.

And I don't think NatWest's made an error here. I think NatWest gave C a very reasonable amount of time to send it the information it needed and, as frustrating as this was, this wasn't a mistake by NatWest.

Mr T says his business manager told him there wouldn't be further blocks, but this was clearly the wrong information.

And following this conversation C was sent further letters and emails to say the review was continuing, and further blocks might be applied. So, although I accept Mr T was told the wrong thing, C was told the right thing later on.

Overall, I think this review was always going to come with some inconvenience to C. Adherence to the regulations, and requesting the information from C, was something I think

NatWest had to do.

And when balanced with the alternative, severing NatWest's relationship with C, and the large amount of inconvenience likely flowing from this, I think NatWest acted fairly, reasonably and proportionately when blocking C's account.

My final decision

My final decision is I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask C to accept or reject my decision before 17 April 2025.

Chris Russ
Ombudsman