

## **The complaint**

A business “P” is unhappy with National Westminster Bank Plc’s application of restrictions to its accounts due to issues with a Business Profile Review (BPR).

Mr P has been dealing with the complaint on behalf of his business which he runs with his wife Mrs P. Even though the complaint is in the name of the business. For ease I’ll switch between the individuals involved and the business name where I feel I need to.

## **What happened**

NatWest made several requests to P for the completion of a BPR. But P didn’t think this applied to them as the business was a partnership rather than a limited company and the review forms referred specifically to limited companies. After the repeated requests in early March 2024 P was given a deadline to complete the review form. NatWest said if the deadline wasn’t met account access might be restricted. Mr P on behalf of the business filled in the review form as much as he felt he could. Before the end of March 2024 NatWest froze P’s business and client accounts.

This caused huge problems for P in running the business and how it operates its accounts for its customers. Mr P said he and his wife suffered a huge amount of distress and inconvenience trying to resolve the problems caused by the accounts being frozen. The review form was completed and sent to NatWest and the restrictions were lifted. But as the issue occurred over Easter, it took an extra day to put matters right. NatWest firstly offered £500 for the distress and inconvenience this caused and then increased its offer to £1,000.

P didn’t accept this. It said the distress and inconvenience caused was far worse and asked for £25,000 compensation. As agreement couldn’t be reached P brought the complaint to this service.

Our investigator didn’t uphold the complaint. She understood why there was some confusion about the review form questions. But she noted that the letters sent to P explained the consequences of what would happen if the review wasn’t completed in time. She said Mr and Mrs P didn’t contact NatWest to clarify. Our investigator agreed that the restriction should have been lifted a day earlier, but also noted this was partly due to the time of year when the freeze was applied. Our investigator noted that Mr and Mrs P said in view of the problems and worry this had caused they had decided to sell the business. She said she couldn’t hold NatWest accountable for future losses as the decision to sell was entirely down to Mr and Mrs P. She said without any further evidence of financial loss she felt the £1,000 for distress and inconvenience was fair and reasonable.

P didn’t accept this and asked for the complaint to be passed 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.

P accepts the bank had repeatedly asked, for many months beforehand, that the BPR be completed. But P was also clear with this service that the review questions all related to a limited company and not a partnership. P said it didn't think the form applied to it as it was a partnership.

P said after several notifications from NatWest it was informed if the review form wasn't completed before the upcoming deadline, then account access might be restricted. Mr P noted that the prompts hadn't specifically said all the accounts would be frozen so Mr P didn't realise this would also mean all Ps' client accounts. But at this point Mr P completed the form as best he could. He said he didn't hear further from the bank until he and his wife found that they couldn't access any of their bank accounts.

Mr P said he contacted the bank and was told the accounts had been frozen as the review hadn't been completed. Mr P explained that he had now completed it as best he could and was advised that two questions hadn't been answered and this was the reason for the account freeze.

The questions outstanding were about trading from the home address. The NatWest adviser eventually convinced the NatWest review team to accept that trading had always taken place from the home address. The second question needed to be answered by a director. Mr P said again as it was a partnership there weren't any directors. But NatWest maintained that the question needed to be answered or the accounts would remain frozen. The adviser agreed Mr P was a partner not a director, but the question needed to be answered. After this the adviser said the review would be completed the next day.

The review didn't complete the next day and then as it was Easter this added further delays to the accounts reopening. Mr and Mrs P hadn't a resolution, but they were going away over Easter, so they went but didn't relax and spent the whole weekend worrying. This culminated in them emailing the NatWest CEO on the Sunday evening. Mr and Mrs P got an update on bank holiday Monday and the accounts were unfrozen the following day.

Mr and Mrs P said this was a huge problem for its business as payments coming in from multiple sources hadn't happened due to the freeze. Also, payments out on the back of the payments in hadn't happened due to the freeze. This caused them both enormous stress. They had to ask clients to make special payments to bring their accounts up to date.

Mr and Mrs P said they had to do lots of explaining and lots of apologising to large numbers of their clients. And weeks later they were still trying to resolve outstanding payments and amounts.

Mr and Mrs P also pointed out they weren't in the best of health and had particular medical conditions.

Mr and Mrs P said NatWest told them the £1,000 compensation offer was fair. But they have decided to sell off their business due to the effect this has had on them both. Mr and Mrs P said selling the business would mean an annual loss of income to them of £25,000.

NatWest said it was correct to restrict the accounts due to the BPR not being fully completed by the deadline. But it did accept the review was then completed and the restrictions should have been removed within 24-48 hours. NatWest apologised for this error.

NatWest confirmed such reviews do need to be completed from time to time to comply with banking rules and regulations and ensure accurate record keeping.

NatWest also accepted it has raised the wording of the review form internally in the hope of improving this for all business customers.

Initially NatWest offered £500 compensation and agreed to review any evidence of other costs P had incurred.

In a later discussion Mr P told NatWest there weren't specific costs to pay but no amount of money would cover the upset caused to him and his wife. NatWest offered a letter to show to third parties, but this wasn't taken up by Mr P. NatWest decided in view of the stress caused and the medical issues Mr and Mrs P were facing to increase the compensation to £1,000.

It's clear that NatWest did make several requests for P to carry out the BPR. And it's accepted by P that the requests were made.

It's also clear that the requests did come with a warning about action that would be taken if the review wasn't completed.

I know that Mr and Mrs P said it wasn't clear that the restrictions would also involve client accounts and money. But NatWest noted that Mr and Mrs P made no attempt to speak with the bank to check the requirements and only completed the form partially after several requests and in the knowledge that the deadline was looming. NatWest put it this way about Mr and Mrs P's actions: *"They confirm they willingly did not complete the online portal as they felt it was not applicable due to the wording, despite receiving communications confirming the consequences. Therefore, they did not mitigate their circumstances in any way."* I think that's a reasonable point for NatWest to make in the circumstances.

NatWest accepted that the restriction should have been removed 2 April but didn't complete until 3 April. It accepted this was a mistake by one day and in view of this and the medical situation offered the £1,000 compensation for the distress and inconvenience caused. In the circumstances I think that's a fair and reasonable outcome.

I take on board Mr and Mrs P's points but it's clear they had several opportunities to check with NatWest about the review and chose not to. This was despite constant requests for them to fill in the form. Deadlines were passed and actions not taken so I can't say that NatWest acted unfairly or unreasonably. It had written several times and pointed out the potential consequences if the review wasn't done. Mr P said he had no notice and wasn't warned but I think the correspondence from NatWest was clear, as shown here below:

*"It's important that you complete your review before the deadline date. If you don't meet the deadline, we may restrict access to your account. If that happens you'll be unable to pay in, take out or move money, and we'll be unable to process your payments We may also ask you to find other banking arrangements."*

I understand that the implications for Mr and Mrs P were significant. But I also feel NatWest gave them every opportunity to complete the form well in advance. The issue all coming to a head at Easter is just unfortunate, but I can't blame NatWest for the timing. And I think the amount of compensation is fair and reasonable in this case.

Regarding the request for £25,000 compensation, although I understand how Mr and Mrs P have come up with the figure, I won't be asking NatWest to pay it. I think the decision to sell the business is a highly personal one. I understand Mr and Mrs P might well want to avoid such business review circumstances cropping up again at any point in the future. Or that the stress caused to them this time means they just need to step back from the business due to health concerns. But I think NatWest gave them suitable notice and warning, NatWest was

also following regulatory requirements and it is Mr and Mrs P's choice to choose to sell the business at this time.

**My final decision**

I don't uphold this complaint.

I make no further award against National Westminster Bank Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask P and P to accept or reject my decision before 9 December 2024.

John Quinlan  
**Ombudsman**