

## **The complaint**

T is a trade association. It complains that National Westminster Bank Plc closed its accounts, did not tell it why it was doing so, and did not give it sufficient time to make alternative arrangements.

T has made this complaint through one of its directors and through external lawyers, who have made submissions on T's behalf.

## **What happened**

T held two accounts with NatWest. On 17 July 2023 the bank gave notice that it would be closing the accounts with effect from 15 September 2023. The bank's letter said that T would need to make alternative arrangements and transfer funds by that date. If it did not do so, the process of moving funds to a new account would be more complicated.

T applied to two different account providers for a new account, but neither was willing to open an account.

T therefore contacted NatWest on 29 August 2023, explaining the position and seeking a six-week extension to enable it to open a new account. It said that an application to a third provider was progressing.

NatWest did not respond to the request and the accounts were closed on or about 15 September 2023. T received a cheque for the balances on the accounts (just over £54,000) on 6 October 2023.

NatWest originally said it had not received the request for more time. When T pointed out that it had received an automated reply, the bank acknowledged that the request had been received. It had not however been acted on. NatWest offered £900 to resolve the matter.

T referred the case to this service, where one of our investigators considered what had happened. She issued an initial assessment, in which she expressed the view that the bank's offer was fair in the circumstances.

T did not accept that opinion. It sought reimbursement of legal costs and payment for directors' time spent dealing with events arising from the closure of the accounts. It asked that an ombudsman review the case.

## **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.

It is generally for banks to decide whether to provide, or to continue to provide, account services to any particular customer. They can exercise their commercial discretion in such matters and, as long as that discretion is exercised legitimately, this service won't usually intervene. I have considered that issue here, and I am satisfied that NatWest's decision to close T's accounts was a legitimate one.

That said, banks should give a customer reasonable notice before closing their account. What is reasonable depends on the circumstances, but generally 60 days is sufficient. In most cases, that is long enough for a customer to make alternative banking arrangements. And I note as well that 60 days was the notice period in NatWest's account terms. I believe it was a reasonable notice period to include in the letter of 17 July 2023.

However, whilst the notice period may have been reasonable, it became apparent that it was not sufficient for T to open a new account. T explained that to NatWest and asked for an extension. NatWest did not reply. It now acknowledges that it should have done.

It is of course by no means certain that, had it replied to T's request, the bank would have agreed to delay the closure of the accounts. But the request was not unreasonable and was supported by documentary evidence of the efforts T had made to open a new account; it was made in good time. There was no obvious reason not to grant the request; and it seems likely that a relatively short extension would have been sufficient to allow T to open a new account before the old accounts were closed.

In my view, therefore, NatWest's failure to deal with the extension request – which I note was sent to an email inbox specifically for that purpose – caused T additional work and inconvenience for which it should receive some compensation.

T has complained too that NatWest has not explained why it took the decision to close the accounts. It has noted that the account terms include:

*'We will explain our reasons for closing your account unless there's a legal or security reason which means we can't provide an explanation.'*

T argues that this means the bank must give reasons and that, if it says there is a legal or security reason preventing it from doing so, it should explain what that legal or security reason is. I am afraid I don't agree with that interpretation. Providing an explanation of a legal or security reason for withholding information would in most cases run the risk of revealing the reasons for closure.

The investigator said in her assessment that NatWest had provided her with the reasons for the closure of the accounts. T said that it was unfair that the investigator had been provided with evidence which it was not able to comment on.

In determining a complaint, I am not bound by the same rules of evidence as a court would be, and indeed our rules expressly provide for some evidence to be kept confidential. DISP3.5.9R includes:

*The Ombudsman may:*

- 1) exclude evidence that would otherwise be admissible in a court or include evidence that would not be admissible in a court;*
- 2) accept information in confidence (so that only an edited version, summary or description is disclosed to the other party) where he considers it appropriate...*

I am satisfied that NatWest's request that its reasons for closing the accounts be kept confidential was a reasonable one to make and that it is appropriate to keep that information confidential. And I agree with the investigator that those reasons were legitimate.

I can understand that the closure of the accounts has put T and its directors to considerable inconvenience and has taken time away from other aspects of running the business. But, since I take the view that the bank acted fairly in deciding to close the accounts, I cannot fairly award compensation for the fact of closure.

The bank did not however act fairly when it did not deal with the request for more time to allow T the opportunity to open a new account. That no doubt led to additional inconvenience and to directors spending more time than would have been the case had the request been responded to. Any award of compensation should reflect that *additional* work, not the work which would have been needed in any event as a result of the account closure. In my view, the figure of £900 is fair in this case.

Finally, T would like the bank to reimburse it for the legal costs it has incurred. However, it appears that most of those costs would have been incurred in any event as a result of the account closure. It would not therefore be reasonable to require the bank to reimburse them. And this service does not usually make awards in respect of legal fees incurred in referring a complaint to us. I do not believe there was any particular need for legal representation in this case, and so I do not consider it would be fair to make an award for legal costs.

### **Putting things right**

Nat West has made an offer of £900, but I will make a formal award in that sum, so that T can enforce it, should it need to do so.

### **My final decision**

For these reasons, my final decision is that, to resolve T's complaint in full, National Westminster Bank Plc should pay it £900.

Under the rules of the Financial Ombudsman Service, I'm required to ask T to accept or reject my decision before 27 December 2024.

Mike Ingram  
**Ombudsman**