

The complaint

Mr W complains that National Westminster Bank Plc won't allow him to change his existing 'foundation' account to a 'select' current account.

What happened

Mr W explains that he has tried a number of times to convert his account since 2021. But that he has always been unsuccessful. And although he's been told before that this might relate to his credit score, he's been able to open comparable accounts at other financial businesses.

NatWest has now explained that it couldn't do what Mr W asked of it. Mr W had opened his account in 2020 when he wasn't a resident of the UK. NatWest said that it was then required under European Union (EU) legislation to offer services to non-UK residents if they lived somewhere else in the EU. A sort code at its national account centre had been used for his account. Mr W would now need to open a new account as a UK resident and be subject to credit checks. That would mean he would need to close his existing personal accounts which would no longer be available. NatWest didn't believe that doing so would adversely affect his credit score as the foundation account didn't come with a credit limit. NatWest accepted the misinformation and poor service Mr W had received. And that during the investigation of this complaint it had wrongly told him that a marker restricting his application could be removed. It had paid him £70 in compensation and offered to increase this to £170.

Our investigator recommended that NatWest pay total compensation of £250. She noted the twelve applications Mr W had made and his branch visits and the lack of prior investigation by NatWest. She said that this matter could have been resolved earlier. NatWest agreed to pay this higher compensation.

Mr W didn't agree and wanted his complaint to be reviewed. He said that he wasn't looking for compensation but wanted to open a select account at NatWest where his partner also banked. He provided evidence he was a UK resident and that he had changed his address on NatWest's systems. He also provided information from credit reference agencies which he said shows that closing his NatWest account - which is his oldest recorded account - would affect his credit score. And he said he thought this could then affect his eligibility for a NatWest account. Mr W said he was confident that the behaviour of NatWest wasn't acceptable and was due to technical errors. He stated that the compensation was appreciated as a gesture given what had happened but didn't resolve things for him.

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 understand Mr W's frustration here due to his unsuccessful attempts to upgrade his account at NatWest. And that now he has been told the technical position, he thinks he'll be adversely affected by the process of applying for a new account.

I need to say that this service is not the regulator and doesn't have a role in reviewing or setting processes. Here NatWest is clear that it isn't possible to change the existing account as this was established when Mr W was a non-UK resident and uses a specific sort code. Mr W would need to reapply as he is now a UK resident and there is no guarantee he would be successful. I have to take at face value that there is no other way for him to proceed and it wouldn't be productive for me to ask NatWest to do something it's told me it can't do – and which wouldn't resolve the complaint.

Mr W now has the information he needs to make a decision about what to do. And I note that he reports that he has accounts with other financial businesses. The error here has been in miscommunication to Mr W and setting a false expectation that he could apply to change his existing account. This has taken place for over three years and involved multiple applications and caused him distress and inconvenience. I need to decide whether the compensation recommended and offered is appropriate. Having reviewed our published guidelines I find that it is and so I will be requiring NatWest to pay him a total of £250 and which represents a further £180.

My final decision

My decision is that I uphold this complaint in part, and I require National Westminster Bank Plc to pay Mr W a further £180 in compensation making a total of £250.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 7 January 2025.

Michael Crewe
Ombudsman