

The complaint

Mr B complains that National Westminster Bank Plc (NatWest) closed his account. He says he had issues repaying his overdraft on the closed account, this caused additional interest, charges and missed payment markers on his credit file as well as months of inconvenience and emotional distress. He would like the charges and interest refunded, his credit file amended and compensation.

What happened

Mr B had a current account with NatWest. NatWest says it contacted Mr B in July 2021 to ask him for information about the account. After reviewing the account and information provided, it wrote to Mr B on 28 July 2022 explaining it would cease its banking relationship with Mr B. It provided 60 days' notice before the closure of the account and recommended making other banking arrangements. The letter explained Mr B would need to repay his overdraft along with any interest and charges due by 26 September 2022 and explained if this didn't happen it may take action to recover any outstanding debt.

Mr B has said he attempted to make payments towards the overdraft several times, and evidenced an attempt he made on 23 February 2023. However, these attempts were unsuccessful and Mr B's account continued to incur interest and charges, the balance was then transferred to a debt collector, and information regarding the account remaining unpaid was passed to credit reference agencies.

Mr B made a complaint to NatWest regarding the situation. On 28 April 2023 NatWest provided a response to the complaint reinforcing its decision to close the account and didn't consider it to have made a mistake in doing so. In the same letter it did acknowledge that Mr B had been unable to successfully make a payment towards the account, and explained the account had a block on it. It said that there are special instructions to allow Mr B to make payments to the overdraft, but that it was unable to confirm why he is unable to complete this payment. It acknowledges there has been a bank error and apologised, and directed Mr B to call.

Mr B remained unhappy and contacted NatWest again. NatWest followed up with a further letter. Still unhappy Mr B referred the complaint to our service for us to investigate.

One of our investigators started looking at the complaint, NatWest responded to our service to explain it would like to make an offer on the complaint. It had identified that Mr B continued to be charged interest and charges on the account after the 60 day notice period for the account closure had ended. So as a gesture of goodwill, offered to refund these which resulted in an offer of £504.86.

Our investigator let Mr B know of the offer, but Mr B was not willing to accept, as it didn't consider the distress and inconvenience or damage to his credit score.

Our investigator completed further investigations and upheld the complaint in part. They considered the account closure to be fair but recognised that NatWest had acknowledged a mistake that caused Mr B to be unable to pay his overdraft. They felt that this was the cause

of the credit file being updated with missed payments, and told NatWest to remove the missed payments, they also recommended £150 compensation for the distress and inconvenience, on top of the refund of interest and charges NatWest had offered.

NatWest agreed to do this, however Mr B did not accept the resolution. He didn't consider the compensation to be high enough for the distress he went through. As Mr B didn't agree the complaint has come to me to decide.

As part of my review I've gathered further evidence and explained my current thoughts to Mr B and NatWest. I'd explained the offer that Mr B had available to him, and that based on the whole circumstances I'd seen, my current thoughts were that I wouldn't be directing the business to make an offer. Mr B wanted to progress to 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.

NatWest has legal and regulatory responsibilities to meet when providing accounts to customers. They can be broadly summarised as a responsibility to know its customer, monitor accounts, verify the source of and purpose of funds, as well as detect and prevent other financial harm.

From time to time, NatWest will review accounts to comply with these responsibilities. Sometimes, following a review, NatWest can decide to close an account. And that's what happened here. As a result of a review it undertook, NatWest decided to close Mr B's account.

The terms and conditions of Mr B's account set out that NatWest can close his account by providing 60 days' notice, and in certain circumstances immediately. Here I can see that NatWest wrote to Mr B on 28 July 2022 giving the full notice period. I've reviewed NatWest's reasons and evidence for closing Mr B's account – and having done so I'm satisfied the acted fairly.

NatWest accept that there was an error which caused Mr B to have difficulty in making the payment towards the overdraft balance. That error likely caused Mr B some frustration and inconvenience in trying to repay the balance of the account. I'm also satisfied it's likely that if Mr B's account wasn't blocked from receiving payments, he'd have been able to clear his balance and the late payment markers wouldn't have been added.

Mr B has provided evidence showing us emails that refer to missed payments as well as his credit score declining around the time this was happening.

Mr B has told us that at the time he was thinking about applying for a home improvement loan. But due to late payment markers and the negative impact on his credit score, he chose not to. I understand Mr B's argument – and I'm satisfied that the late payment markers would likely have impacted Mr B's ability to obtain credit. But, I'm afraid I can't compensate Mr B for a loss that may have occurred. Mr B has also told us he's spent months contacting NatWest to try and pay off the overdraft in full, and the whole saga caused emotional distress and anxiety. I'm sorry to hear of the inconvenience and emotional distress that Mr B has gone through.

NatWest has acknowledged and accepted that it should have stopped the charges and interest on the account at the end of the 60 day notice period. It's offered to refund the charges and interest that had been charged after that date. It's also said it's willing to

remove the late payment markers from the credit file, and pay £150 in compensation.

I understand that there's been an impact caused by some of the issues that I've mentioned above. But it doesn't follow that I must award compensation in these circumstances. Instead, I have to consider all the circumstances and information surrounding Mr B's complaint to decide whether I think awarding compensation would be a fair and reasonable outcome. After considering what Mr B has said and the content of NatWest's review, I don't find awarding Mr B compensation would be fair or appropriate. I understand Mr B would naturally want to know the information I have considered in order to reach this finding. But I am treating this information in confidence, which is a power afforded to me under the Dispute Resolution Rules (DISP), which form part of the Financial Conduct Authority's regulatory handbook.

DISP 3.5.9R states:

"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; ..."

Accordingly, I have accepted information in confidence which I am not disclosing to Mr B. And the description of that information is that it is of a nature which justifies NatWest's review, and which has led me to decide that awarding Mr B compensation would not be a fair or appropriate outcome for any of the matters he has brought as part of this complaint.

So I am not requiring NatWest to compensate Mr B for financial or other losses he may have experienced as a result of the account closure or of NatWest's error in not accepting payment to clear the overdraft, and the further inconvenience and distress he experienced as a result of this. Mr B will need to reach out to NatWest directly if he wishes to accept the offer.

In summary, I realise Mr B will be disappointed by my decision. But having looked at all the evidence and circumstances of this complaint, I won't be directing NatWest to do anything to resolve Mr B's complaint.

My final decision

For the reasons I've explained, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 3 January 2025.

Simon Yates
Ombudsman