

The complaint

B, a limited company complains that National Westminster Bank Plc closed its accounts and didn't return money paid into the account back to it, so it has lost out financially.

B's complaint has been brought to our service by its director, Mr S.

What happened

The detailed background to this complaint is well known to both parties. As such, I'll provide only an overview of the most essential facts here.

B had business accounts with NatWest.

In September 2024, B received a payment of just under £38,000 into its current account from an individual I will refer to as R. Mr S says B received the funds in exchange for equipment B supplied.

Following the payment being made, R's bank contacted NatWest and asked them to send the money back.

NatWest asked Mr S about the payment and to provide evidence that B was entitled to the money it had received from R. NatWest also reached out to R's bank for more information about the payment.

In response, Mr S told NatWest that the payment was legitimate, and he hadn't done anything wrong. He sent NatWest copies of communications he'd had with R, an invoice showing he'd bought the goods and a delivery note. NatWest looked at all the information. The end result of the review was that NatWest decided to return the funds R had paid into B's account back to the sending bank. NatWest also decided to close all of B's accounts.

Mr S complained to NatWest and asked them to refund the money. In response NatWest said it hadn't done anything wrong and wouldn't be returning the funds to B. And it pointed out that there was provision for them to do this in the account terms and conditions. It also said it had closed B's accounts in line with the terms and conditions of the accounts.

Mr S wasn't happy with this response. He said NatWest shouldn't have returned the funds to R because the money belonged to B. And B is now out of pocket. He said B had suffered serious damage to its business and reputation. NatWest reviewed its decision but maintained its position.

Mr S remained unhappy, so he brought B's complaint to our service. He wants NatWest to pay B £40,000 compensation for inconvenience and loss of profits.

An investigator reviewed B's complaint. After reviewing everything they said NatWest hadn't treated B unfairly when it had sent the money back to R's bank and closed its accounts.

Mr S disagreed. He maintained that the money paid into B's account by R was legitimate. He said NatWest didn't contact him about the payment before deciding to return the funds, so it has breached its own policies.

As no agreement could be reached the matter has come to me to decide.

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 would add too that our rules allow us to receive evidence in confidence. We may treat evidence from banks and financial businesses as confidential for a number of reasons – for example, if it contains security information, or commercially sensitive information. Some of the information NatWest has provided is information that we considered should be kept confidential. This means I haven't been able to share a lot of detail with Mr S, but I'd like to reassure him that I have considered everything.

I'll deal first with NatWest's decision to close B's accounts. As the investigator has already explained, banks and financial business in the UK, are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. They can broadly be summarised as a responsibility to protect persons from financial harm, and to prevent and detect financial crime. That sometimes means NatWest need to review, or in some cases go as far as closing customers' accounts.

It's generally for banks and financial businesses to decide whether or not they want to provide, or to continue to provide, account facilities to any particular customer. Unless there's a very good reason to do so, this service won't usually say that a bank or financial business must keep customer or require it to compensate a customer who has had their account closed.

NatWest is also entitled to set their own policies and part of that will form their risk criteria. It is not in my remit to say what policies or risk appetite NatWest should have in place. I can however, while considering the circumstances of individual complaints, decide whether I think customers have been treated fairly.

As long banks and financial businesses reach their decisions fairly, it doesn't breach law or regulations and is in keeping with the terms and conditions of the account, then this service won't usually intervene. They shouldn't decline to continue to provide account services without proper reason, for instance of unfair bias or unlawful discrimination. And they must treat new and existing customers fairly.

NatWest have relied on the terms and conditions when closing B's accounts. I've reviewed the terms, and they explain that NatWest can close an account for any reason by giving two months' notice. In certain circumstances, NatWest can also close the accounts without notice. Here, despite NatWest providing B with 14 days' notice of its intention to close its accounts, NatWest blocked B's accounts. So, I consider NatWest closed the accounts immediately.

For NatWest to act fairly here they needed to meet the criteria to apply their terms for immediate closure – and having looked at these terms and all the evidence that the bank has provided, including the information NatWest has provided to this service in confidence,

I'm satisfied that NatWest did. And that it was entitled to close the accounts as it's already done. So, I can't conclude that NatWest treated B unfairly when it closed its accounts.

The crux of Mr S's complaint is that he wants NatWest to refund B the money he says B lost as a result of NatWest sending R's payment for an item it had sold, back to the sending bank. So, I've considered whether NatWest treated B fairly in taking the actions it did.

NatWest decided to return the funds to R's bank and have explained it did this on the basis of the outcome of its review of B's account and the paperwork Mr S provided, their legal and regulatory obligations, and the information it had received from R's bank. It also said there is provision in the terms and conditions of B's account which allowed them to do this. The effect of NatWest's actions meant that B has lost the money it had expected in payment for goods and services it says it provided to R.

NatWest have relied on the terms and conditions of the account to return the money which state under section 8.3 'We may take a payment from your account if the payer's bank tells us that this payment was sent to you incorrectly. If this happens, we'll hold the money and contact you to tell you what's happened. We'll ask you to confirm if the payment was sent to you incorrectly. If we can't get in touch with you within 15 business days, then we'll return the payment to the payer'. Mr S says NatWest didn't comply with this term.

NatWest had received a report from R's bank asking for the money paid into B's NatWest account to be reversed. The report set out that R had been a victim of fraud. Any allegation is a serious matter, so I'd expect NatWest to investigate before deciding how best to react to such a report, which is what it did here.

Mr S says NatWest never contacted him about the payment and is therefore in breach of its own policies and terms of B's account. But I can see that in September 2025, NatWest did communicate with Mr S and looked at the invoice he provided – which is before it took the decision to send the money back to source. So, I'm satisfied that they did give Mr S an opportunity to put his side of things across and haven't breached the terms and conditions of B's account.

I've taken on board what Mr S has said about the transaction and looked at the evidence he has provided that he says shows B is entitled to the money that NatWest sent back to R's bank. I do have some concerns that this shows what Mr S suggests, I say this because NatWest have provided evidence that some of the documents Mr S has provided aren't genuine. So, this leads me to doubt the credibility of Mr S's version of events.

NatWest has also shown our service the information it looked at as part of its review, it's explained its rationale in weighing that information and it's demonstrated how it reached its decision to comply with the request R's bank made, which includes information it has provided to our service in confidence.

Having reviewed everything NatWest and Mr S has told our service, I'm satisfied NatWest acted reasonably in returning the funds to source, and that it was acting in accordance with its overriding legal and regulatory obligations when it did so. And the terms of B's account. So, I'm satisfied that it was appropriate for NatWest to return the money. I appreciate Mr S wants to understand more about the reasons for NatWest's decision. But NatWest isn't obliged to provide an explanation for its decision to Mr S, and it wouldn't be appropriate for me to compel it do so.

In summary I am satisfied that NatWest has not acted inappropriately or incorrectly. I realise Mr S would understandably like the funds that were paid into B's account returned to him and feels very differently. But based on all the evidence and circumstances of this complaint,

I don't believe I can fairly direct NatWest to refund any money to Mr S. It also wouldn't be appropriate for me to award B any compensation since I don't find NatWest acted inappropriately in taking the actions it did.

I appreciate Mr S feels strongly about B's complaint and I am sorry to have to disappoint him on this occasion. I hope he understands the reasons for my decision and at least feels he has been listened to. But I won't be asking NatWest to anything more to resolve 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 B to accept or reject my decision before 10 March 2025.

Sharon Kerrison
Ombudsman