

## **The complaint**

Mr J complains National Westminster Bank Plc unfairly refused to refund transactions on his account which he says weren't authorised. Mr J says this has left him with an overdraft and caused significant distress and financial hardship.

## **What happened**

Mr J held three accounts with NatWest – a rewards platinum account (ending 7729), a savings builder (ending 4925) and a personal loan.

In January 2019 two cheques were paid into Mr J's account ending 7729 – one for £14,890 and another for £27,500. These cheques credited Mr J's account and appeared on his account balance. The funds were then transferred to Mr J's account ending 4945. From here NatWest has provided an online audit trail to demonstrate the funds were moved out via online transfers. In late January the cheque amounts were debited from Mr J's account ending 7729.

Following the account activity – including the unpaid cheques debit, the account 7729 was left with an overdraft of balance of £15,106.06. NatWest made the decision to end its banking relationship with Mr J and the account was closed on 23 January 2019. NatWest says it issued Mr J a notice to close letter, and within this it was explained Mr J would need to clear the overdraft on his account.

In October 2023 Mr J raised a formal complaint about the closure of his account by NatWest and its handling of the outstanding overdraft. NatWest reviewed Mr J's concerns and issued a final response letter on 22 October 2023 explaining the account was closed in line with the account terms and conditions. NatWest said it wasn't obligated to give Mr J a specific reason for its closure, but that it would've considered a range of factors such as legal obligations and commercial viability. NatWest said that its notice to close letter would've informed Mr J of the need to clear the overdraft on his account.

Unhappy with the response received, Mr J referred his complaint to this service. During the investigation carried out by the Investigator Mr J was provided with details of account activity prior to closure. Mr J says he didn't have access to account information, and upon reviewing his statements provided by the Investigator Mr J highlighted transactions to five individuals which he didn't recognise.

Mr J says he had no knowledge of the transactions. When the account closed, he was unaware of the overdraft that remained of £15,000. NatWest never informed him that he owed this amount and the negative entries on his credit file are affecting his ability to manage his finances. In order to resolve his complaint Mr J asks for NatWest to remove the overdraft amount owed and amend his credit file.

An Investigator reviewed Mr J's complaint and in summary made the following findings:

- The evidence didn't support Mr J's version of events – its most likely the activity Mr J disputes was completed by him.

- It was fair for NatWest to hold Mr J liable for the overdraft debt he now has.
- Mr J's accounts have been handled in line with the terms and conditions of the accounts.

Mr J disagreed with the findings made, and explained key issues in his complaint hadn't been addressed. The complaint has therefore been passed to me – an ombudsman – for a decision to be issued.

I issued my provisional findings on 31 March 2025. Now the deadline for responding has passed, I will now issue my 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.

I've included my provisional findings below.

*When considering what is fair and reasonable, I'm required to take into account: relevant law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider good industry practice at the relevant time. In my review I've focussed on what I think is the heart of the matter here and the issues Mr J has reiterated his concerns about. If there's something I've not mentioned, it isn't because I've ignored it. This simply reflects the informal nature of our service.*

*Firstly, I am sorry to see Mr J has had cause for complaint. I don't underestimate the worry and anguish this situation has caused, and also the stress of dealing with the complaint about it. Having looked at the complaint fully, my review of the evidence has led me to the same overall conclusions as the Investigator previously set out and for much the same reasons. I will explain why.*

*I can see Mr J feels very strongly about the complaint. That's clear from what he's said to both us and the bank. But from what's been said and provided so far, there's not much common ground about exactly what happened or how it might have happened. Where the evidence is incomplete, inconclusive or contradictory (as it is here), I reach my findings on balance – in other words, what I consider is more likely than not to have happened in the light of the available evidence and the wider circumstances.*

*Mr J's concerns cover in my view three main aspects, which I will cover in turn.*

#### *Disputed account activity*

*Under the relevant rules – the Payment Services Regulations 2017, Mr J is responsible for transactions he has authorised – either by doing them himself or giving permission for someone else to do them for him. The PSRs 2017 also set out that where a payment isn't authorised by the account holder, they may still be responsible for it if they've not been careful to follow the terms of their account or keep their personalised security details safe.*

*Essentially this means a customer should only be responsible for transactions they've authorised. In Mr J's case at the time his account was closed I can't see that he raised concerns about the account activity or claimed he had been a victim of fraud. NatWest's notes suggest the contact received from Mr J focused on the cheques that had been paid into his account, and the subsequent account closure.*

*One of the difficulties in this case is the alleged fraud took place many years ago and the details provided by Mr J are unclear and inconsistent. I appreciate this is due to the length of time that has passed, and the lack of access Mr J says he had to account information. So, I've got to consider what I think is likely to have happened here, and how Mr J was involved.*

*Mr J says he didn't make any of the transactions in dispute. But NatWest can still hold Ms P liable for them if the evidence suggests it's more likely than not that he did make them, or if he authorised someone else to make them, or if he failed to keep her account safe – either by displaying a very high degree of carelessness or by intentionally failing to keep his card and PIN safe.*

*During our review of Mr J's concerns further information was gathered from Mr J. Firstly Mr J has confirmed he didn't share his security credentials with a third party, and he had access to his device, card and PIN. Mr J hadn't reported any issues with his card or PIN at the time either. So I can't see that Mr J's credentials or phone were compromised at the time.*

*The technical data provided by NatWest shows the funds were received into one of Mr J's accounts – through the deposit of cheques, and then transferred to Mr J's other account before being paid out to third parties. From what I can see the funds from Mr J's account were transferred to his other account using telephone banking. During this call NatWest has confirmed Mr J would've had to pass telephone security before the transactions could be made. The audit trail then shows the funds were moved out via online transfers. In order for this to be completed access to Mr J's device and security credentials would've been required. Based on the evidence available I can't see that Mr J's device or account details were compromised.*

*I must also consider the overall activity that Mr J has disputed. Whilst the transactions took place Mr J would've had access to his accounts as they had not yet been restricted. I am also mindful that Mr J isn't sure who paid the cheques into his account. This means a third party would've paid quite large sums into Mr J's account, and then had to gain access to his accounts to move money between accounts and then make transfers out to a third party. This isn't in keeping with the trends and activity we see in complaints of this nature. Usually, an unknown fraudster would obtain access and empty funds as swiftly as possible to avoid detection.*

*Overall, having considered everything, all of the available evidence points to it being more likely than not that Mr J carried out the transactions or authorised them. As such, I cannot fairly and reasonably require NatWest to refund the amounts to Mr J.*

### *Cheques*

*A key issue in Mr J's complaint is the payment in of cheques into his account. Mr J's testimony around the cheques has changed throughout the course of his complaint. I can see Mr J says he didn't expect the incoming payment, but that it may have been related to property he partly owned abroad. Mr J says this may have been incoming rent that was due to him. On the other hand, Mr J has said he didn't recognise the cheque payments and they, alongside the account transfers were made by an unknown third party.*

*I've thought carefully about Mr J's comments, and I don't find his account to be plausible given the circumstances. NatWest has provided some details regarding the cheques in confidence, and although I am unable to share these with Mr J I find the concerns it had around them and information it held to be persuasive, and I think the decision to redebit the amounts was fair in the circumstances.*

*Mr J says the cheques should never have shown as credits in his account given the issues with them. I appreciate the point Mr J is making but this isn't unique to NatWest. It is the way in which the cheque image clearing system works – and applies to most banks – a payment by cheque generally shows in the account balance (before it clears) for interest purposes. I understand Mr J's concerns given the cheques are what resulted in the overdraft on his account, but I think NatWest has dealt with them correctly. The debt created on his account was due to funds being utilised prior to the clearing process completing. Given the funds were transferred to another account in Mr J's name I find this to be a legitimate debt that NatWest was entitled to pursue.*

#### *Account closure*

*Following the deposit of the cheques NatWest decided to close Mr J's accounts. Mr J says NatWest's decision to close his accounts immediately had a severe impact on him.*

*I'll start by setting out some context for the review of Mr J's account. UK legislation places extensive obligations on regulated financial businesses. Financial institutions must establish the purpose and intended nature of transactions as well as the origin of funds, and there may be penalties if they don't. This applies to both new and existing relationships. These obligations override all other obligations. In Mr J's case I'm satisfied NatWest was complying with these obligations when it reviewed Mr J's accounts.*

*I would add too that our rules allow us to receive evidence in confidence. We may treat evidence from banks 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 J, but I'd like to reassure him that I have considered everything he and NatWest have said before reaching my decision.*

*Based on the information disclosed by NatWest I'm satisfied it acted fairly reviewing Mr J's account and had no obligation to tell him the basis of its concern or forewarn him of its intention.*

*NatWest's review of Mr J's account led to its ultimate decision to close the account. NatWest 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 as they 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 banking services without proper reason, for instance of unfair bias or unlawful discrimination. And they must treat new and existing customers fairly.*

*The terms and conditions of Mr J's accounts set out that the bank can close the account by providing Mr J with 60 days' notice. In certain circumstances, it can also close the account immediately. In this case Mr J's case I can see his accounts closed 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, I'm satisfied that NatWest did.*

*Further, the impact of closing an account immediately can be significant on a customer, and there is an expectation this decision is made very carefully. In this instance, I find NatWest's reasons for immediate closure to be fair and necessary. Mr J says the immediate closure had a severe impact on him. I've considered Mr J's use of the account, and I can't see signs*

*of general living costs or direct debits. So whilst I understand the closure caused Mr J a level of inconvenience, I don't consider it to have been to the level he has described.*

*I understand Mr J wants NatWest to explain the reason it closed his accounts. But NatWest is under no obligation to tell Mr J the reasons it no longer wants him as a customer as much as he'd like to know. So, I can't say it's done anything wrong by not giving Mr J this information. And it wouldn't be appropriate for me to require it do so.*

#### *Unfair treatment*

*Mr J says that he is a victim of discrimination by NatWest, as he believes the bank closed his account due to his ethnicity and provided him with poor service. While I can appreciate this is his perspective, it is not my role to decide whether discrimination has taken place – only the courts have the power to decide this. I have, however, considered the relevant law in relation to what Mr J has said when deciding what I think is the fair and reasonable outcome. Part of this has meant considering the provisions of The Equality Act 2010 (The Act). And after looking at all the evidence, I've not seen anything to suggest that this was the case. So, I haven't found that NatWest decided to close the accounts for an improper reason or handled his concerns inappropriately.*

#### *Credit file issues*

*As part of his complaint Mr J says he is concerned about the information NatWest has recorded against his name with credit reference agencies. Mr J says this has impacted him significantly. As part of this services review it has asked NatWest for clarification on what information it has recorded against Mr J's name. It has confirmed that it has reported information to credit reference agencies in line with its consumer credit regulatory duties, but that no information has been recorded with any other agencies or databases.*

*The information reported to credit reference agencies relates to his overdraft and loan with NatWest. NatWest has provided information regarding its contact with Mr J regarding the overdraft and this is very limited. I can't see evidence that it wrote to Mr J again after the notice to close letter was issued, explaining that the overdraft amount needed to be cleared. Mr J says he didn't receive any letters or further communication, and he had no knowledge of the outstanding debt.*

*As outlined above, I am satisfied this is a legitimate debt for NatWest to hold Mr J liable for. The funds appear to have been utilised by Mr J, and it is appropriate for NatWest to require repayment of the overdraft. However, I accept that I can't be satisfied NatWest took appropriate steps to inform Mr J of his ongoing liability for the debt.*

*In the absence of clear evidence to show NatWest informed Mr J of the overdraft debt and its decision to report negative information on his credit file, I can't fairly conclude that NatWest took adequate steps to allow Mr J the opportunity to clear the debt.*

*However, I must consider this short-coming in light of the wider circumstances of the complaint. As part of this service's review of Mr J's complaint further information has been gathered to ascertain the reasons for closure. Based on the information I've seen I don't find awarding Mr J financial compensation or directing NatWest to amend his credit file would be fair or appropriate.*

*I know this will not be the outcome Mr J was hoping for, but I hope my provisional decision provides some clarity around why I am not currently minded to award compensation to Mr J.*

#### Responses to provisional decision

Mr J and NatWest didn't respond to my provisional findings. As no further submissions or evidence have been provided by provisional findings remain unchanged.

### **My final decision**

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 13 May 2025.

Chandni Green  
**Ombudsman**