DRN-5429960

The complaint

Mr P complains that National Westminster Bank PLC (NatWest) unfairly blocked and closed his account without providing a proper explanation.

What happened

The detailed background of this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

Mr P had a current account with NatWest. Mr P has explained that he used the account to receive his student loan payments.

In February 2024, NatWest were notified by another bank that Mr P's account was due to receive a fraudulent payment of just over £2,000. NatWest stopped the payment crditing Mr P's account. Following this NatWest decided to review Mr P's account.

NatWest blcoked Mr P's account and wrote to him and asked him to privide information about the fruadulent payment tha had been stopped. Mr P told NatWest that he didn't know anything aout the payment.

In response, NatWest asked Mr P to explain how an unknown third party would know his account details if he hadn't shared this information. NatWest also pointed out to Mr P that the only way a fraudster would put funds into his account would be if they had access to his account. Mr P didn't provide any explanation.

NatWest reviewed everything and following this it decided to close Mr P's account immediately. NatWest wrote to Mr P to let him know it was closing his accoount in line with the terms and condtions.

Mr P appealed to NatWest and asked them to review its decision. He said needed his account and wanted to bank with NatWest. NatWest reviewed everything again but maintained its posiiton.

Mr P compained to NatWest. He said NatWest had treated him unfairly when they closed his account. In response, NatWest maintained its position that it had closed Mr P's account in line with the terms and conditions of the account. And that it didn't have to provide Mr P with an explanation.

Mr P remained unhappy and brought his complaint to our service where one of our investigators looked into what had happened. After looking at all the evidence the investigator didn't uphold Mr P's complaint. In summary they said NatWest had closed Mr P's account in line with the terms and conditions.

Mr P disagreed. In summary he said:

- He wants NatWest to provide a proper explanation why it closed his account.
- NatWest never gave him an opportunity to address any concerns the bank had about his account.
- He wants the opportunity to bank with NatWest in the future.

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 financial businesses as confidential for a number of reasons – for example, if it contains information about other customers, security information or commercially sensitive information. It's then for me to decide whether it's fair to rely on evidence that only one party has seen. It's not a one-sided rule; either party to a complaint can submit evidence in confidence if they wish to, and we'll then decide if it's fair to rely on it. Here, the information is sensitive and on balance I don't believe it should be disclosed. But it's also clearly material to the issue of whether NatWest has treated Mr P fairly. So, I'm persuaded I should take it into account when deciding the outcome of the complaint.

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 blocking and closing customers' accounts. The terms and conditions of Mr P's account also make provision for this.

I want to make it clear that I understand why what happened concerned Mr P. I've no doubt it would've come as quite a shock to him, and he would've been very worried to find out that his account had been blocked. But I've also considered the basis for NatWest's review, which includes looking at the information NatWest has shared with our service in confidence, when deciding whether NatWest treated Mr P fairly.

Having looked at all the evidence, and circumstances I'm satisfied that NatWest have acted in line with the terms and its legal and regulatory obligations when it blocked Mr P's account and asked him to provide information about the payment that was attempted into his account. I say this because NatWest had been alerted by another bank that money coming into Mr Ps' account was fraudulent. So, I don't find NatWest treated Mr P unfairly when it blocked Mr P's account. Doing so allowed NatWest time to decide how best to react to the report it had received from the other bank.

Mr P says that NatWest didn't give him an opportunity to address any concerns they may have had about how he was using his account. And what he knew about the payment. I don't agree. I say this because I've seen a copy of emails on 8 and 14 February 204 asking Mr P what he knew about the payment and how someone else would have been able to obtain his bank account details to facilitate fraud. So, I am satisfied that NatWest gave Mr P an opportunity to engage with them and provide an explanation about what he knew about the payment and how he was using his account.

I've thought about the explanation Mr P gave to NatWest – that he knew nothing about the fraudulent payment. But I'm not persuaded by his version of events. It's difficult for me to accept that Mr P wasn't aware of the intended payment. I say this because Mr P hasn't offered any plausible explanation to us or NatWest as to how an unknown third party would be able to obtain his account details in the first place. Considering all the evidence I've seen, including the evidence NatWest has shared with this service in confidence, I'm persuaded Mr P hasn't given NatWest or this service enough information to show he wasn't complicit in attempting to allow his account to be used to facilitate fraud. So, I don't find NatWest's concerns about how Mr P was using his account unreasonable.

It's generally for banks and financial businesses to decide whether or not they want to provide, or to continue to provide, banking 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 have relied on the terms and conditions when closing Mr P's account. 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 an account without notice, which is what has happened here.

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 NatWest has provided, including how Mr P was using his account, I'm satisfied that NatWest did. And that it was entitled to close Mr P's account as it's already done. So, I won't be asking NatWest to reopen Mr P's account.

I understand of course why Mr P wants to know the exact reasons behind NatWest's decision to close his account, other than what he's been previously been told. And I can see that Mr P has asked NatWest to explain itself. But NatWest doesn't disclose to its customers what triggers a review of their accounts. And it's under no obligation to tell Mr P the reasons behind the account closure, as much as he'd like to know. So, I can't say it's done anything wrong by not giving Mr P this information. And it wouldn't be appropriate for me to require it to do so now.

In summary, I recognise how strongly Mr P feels about what's happened. I don't doubt it has been a frustrating and worrying time. So, I realise Mr P will be disappointed by my decision. But overall, based on the evidence I've seen, I can't say NatWest have acted unreasonably and treated Mr P unfairly when it closed his account.

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 P to accept or reject my decision before 2 October 2025.

Sharon Kerrison
Ombudsman