

## **The complaint**

A limited company, which I'll refer to as 'R', is unhappy that National Westminster Bank Plc ("NatWest") restricted and then later moved to default and close its bank accounts.

R's complaint is brought to this service by its director, whom I'll refer to as 'Mr H'.

## **What happened**

R held a Business Current Account ("BCA") and a Bounce Back Loan ("BBL") with NatWest. The BCA had an overdraft facility of £7,500, and the BBL required monthly payments of £551.46.

R remained up to date on its BBL payments until July 2023. However, after making the July 2023 BBL payment, R didn't make any payments towards the BBL for the next eight months, and so the BBL fell into a position of significant and prolonged arrears. Additionally, R's overdraft facility agreement was due to expire at the end of October 2023 and required an approved renewal from NatWest for that facility to continue.

In late September 2023, R exceeded the agreed £7,500 overdraft limit on its BCA, with the account balance having been in an overdrawn position continuously for the previous three months. R did receive a credit into the account in mid-October 2023, which brought the balance of BCA back within the agreed overdraft limit. But the position of R's BCA, along with the fact that R's overdraft facility was due to expire, prompted NatWest to contact Mr H to discuss R's overdraft balance and general financial position on 23 October 2023.

During the 23 October 2023 conversation, Mr H and NatWest discussed the position of R's BBL (which at that time was two months in arrears and would very shortly be three months in arrears) as well as the fact that R was experiencing a period of financial difficulty which Mr H felt would be resolved in late December 2023 when R received payment for a new contract.

Following that conversation, on 27 October 2023, NatWest sent an email to Mr H requesting copies of R's most recent financial accounts and business projections for the upcoming six-to-twelve-month period.

On 31 October 2023, R's overdraft facility expired. On 8 November 2023 the balance of R's BCA stood at £7,495 overdrawn, meaning that R had just £5 on the overdraft facility that had expired a week earlier and for which no renewal had at that time been agreed. That same day, a scheduled direct debit payment to HMRC for £1,335 took the balance of R's BCA significantly over the previously agreed £7,500 overdraft limit, to £8,830 overdrawn.

The next day, on 9 November 2023, Mr H sent NatWest the financial information for R that they had requested on 27 October 2023. Mr H then scheduled a conversation with NatWest about R's financial position for 29 November 2023. In the intervening period, Mr H didn't credit R's BCA to bring the balance back under the previously agreed overdraft limit and R didn't make its contractually required BBL payments, meaning that the loan fell four months into arrears.

Mr H spoke with NatWest on 29 November 2023 and explained that R's financial projections had changed, meaning that the projections Mr H had previously sent to NatWest were no longer valid. Because of this, NatWest asked Mr H to provide updated financial projections for R by 13 December 2023. Mr H sent revised projections for R to NatWest on 5 December 2023, but NatWest didn't acknowledge receipt of those revised projections until 22 December 2023.

Also on 22 December 2023, Mr H noticed that NatWest had restricted R's business accounts and that he couldn't access them online. This meant that R couldn't pay its suppliers, which consequently meant that R couldn't start the new contract scheduled to begin at that time.

Mr H spoke with NatWest on 3 January 2024 at which time the balance of R's BCA had risen to more than £9,000 overdrawn, which was more than £1,500 over the overdraft limit that had expired at the end of October 2023. Additionally, R's BBL was now five months in arrears. At that time, NatWest explained to Mr H that the adverse position of R's accounts meant that no further payments from R's BCA would be permitted.

Mr H wasn't happy with the restrictions on R's BCA and explained that he needed to pay R's employees and that R wouldn't be able to buy materials or engage in trade without available funds. Mr H was also unhappy that NatWest hadn't warned him that they would restrict R's accounts, and he raised a complaint about these points with NatWest on R's behalf.

On 5 January 2024, R received a payment of roughly £500 into its BCA which took the balance of the account to approximately £8,550 overdrawn – still more than £1,000 over the agreed overdraft limit for the overdraft facility that had expired several months before.

Mr H spoke with NatWest again on 8 January 2024, at which time Mr H's online access to R's accounts was restored. However, because of the continuing adverse position of R's accounts, payments from the BCA were still restricted. NatWest's agent explained that they would review all the financial information for R and Mr H agreed to speak with NatWest again on 15 January 2024.

NatWest tried to call Mr H on 15 January 2024 as agreed but their attempted calls to Mr H didn't connect. NatWest then sent a letter and text messages to Mr H the following day asking him to contact them.

On 25 January 2024, NatWest sent a formal response to the complaint that Mr H had raised on 3 January 2024. In that response, NatWest explained that they had placed restrictions on R's accounts because of the adverse position of those accounts. NatWest also explained that such action was in accordance with their operational process and so didn't feel that they had done anything wrong.

On 14 February 2024, NatWest again tried to call Mr H to discuss R's accounts. NatWest's agent believed that the call had been answered but had then immediately cut off. NatWest then sent a further text message and a further letter to Mr H asking him to contact them.

On 26 February 2024, NatWest conducted an internal review of R's accounts. At that time, R's BCA balance remained more than the agreed overdraft facility that had expired almost five months previously. Furthermore, R's BBL was seven months in arrears, and Mr H hadn't contacted NatWest since 8 January 2024 despite several requests from NatWest for him to do so. Because of these factors, NatWest made the decision to issue a demand for full repayment of R's overdrawn balance and for full repayment of R's outstanding BBL balance. And NatWest also made the decision to no longer provide banking services to R. These notices were subsequently issued to R on 14 March 2024.

On 29 February 2024 – after NatWest had made the decision to issue formal notices to R, but before those notices had been issued – R received a payment into its BCA of £9,600. This fully cleared the balance of R's overdraft and left the BCA roughly £790 in credit. But a series of payments from the BCA the following day, on 1 March 2024, took the position of R's BCA back to being nearly £2,500 overdrawn. And by the end of 5 March 2024, the balance of the BCA was close to £6,000 overdrawn. With the renewal of R's overdraft facility that had expired at the end of October 2023 still not having been formally agreed.

On 12 March 2024, NatWest noted that Mr H still hadn't been in contact with them despite their repeated attempts to speak with him. And they also noted that R's overdraft facility had expired and not been renewed. Because of this, NatWest proceeded to issue the formal demand notices to R for its outstanding BCA and BBL balances on 14 March 2023.

On 19 March 2024, NatWest received an email from Mr H stating that he was unhappy that NatWest had failed to respond to previous emails that he'd sent and with how they'd handled his complaint. Mr H reiterated that he has told NatWest when he'd spoken with them in 2023 about the new contract R had scheduled for December 2023, but which had been affected by his being unable to access R's accounts in December 2023 because of the blocks that NatWest had placed on the accounts at that time.

In response, NatWest resent the complaint resolution correspondence that they'd previously issued to Mr H on 25 January 2024, wherein they'd explained that they didn't feel that they'd done anything wrong by administering R's accounts as they had.

Mr H then called NatWest on 26 March 2024 and again expressed his dissatisfaction at NatWest's actions surrounding R's accounts. At that time, NatWest's agent explained the timeline of events to Mr H, including NatWest's attempts to contact him. But Mr H said that he hadn't received any contact from the NatWest after speaking with them on 5 January 2024 until the formal demand notices were received by him in mid-March 2024. NatWest's agent recorded Mr H's concerns and noted his request that a member of NatWest's complaint team contact him about R's accounts.

On 13 May 2024, NatWest issued a formal complaint response to Mr H in which they reiterated that they didn't feel that they'd done anything wrong in how they'd administered R's accounts because of the continuing and prolonged adverse position of those accounts.

However, NatWest did acknowledge that they hadn't responded to Mr H's emails in which he'd expressed his continuing dissatisfaction to NatWest in a timely manner. And NatWest apologised to Mr H for how they'd handled his complaint in this regard and sent a cheque for £100 to him as compensation for any trouble or upset that he'd incurred because of this.

Mr H wasn't satisfied with NatWest's response, especially as he felt that NatWest had issued the formal demands on R's accounts because they believed that Mr H hadn't sent the revised financial projections for R by the deadline given for him to do so – when that wasn't the case. So, he referred R's complaint to this service.

One of our investigators looked at this complaint. But they didn't feel that NatWest had acted unfairly towards R by administering its accounts as they had, given the prolonged adverse position of the accounts and so didn't uphold the complaint. Mr H remained dissatisfied, so the matter was escalated to an ombudsman for a 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 issued a provisional decision on this complaint on 13 May 2025 as follows:

*I note that Mr H has provided several detailed submissions to this service regarding R's complaint. I'd like to thank Mr H for these submissions, and I hope he doesn't consider it a discourtesy that I won't be responding in similar detail here. Instead, I've focussed on what I consider to be the key aspects of this complaint, in line with this service's role as an informal dispute resolution service.*

*This means that if Mr H notes that I haven't addressed a specific point that he's raised, it shouldn't be taken from this that I haven't considered that point – I can confirm that I've read and considered all the submissions provided by both R and NatWest. Rather, it should be taken that I have considered that point but that I don't feel it necessary to address it directly in this letter to arrive at what I consider to be a fair resolution to this complaint.*

*As part of R's complaint, Mr H has said that he's unhappy with how NatWest have handled the complaint he brought to them. However, as per the rules by which this service must abide – which can be found in the Dispute Resolution ("DISP") section of the Financial Conduct Authority ("FCA") Handbook – The Financial Ombudsman Service is only able to consider complaints about specified activities, of which complaint handling isn't one.*

*In short, this service can't consider a complaint about how a business has handled a complaint. And this means that this aspect of R's complaint isn't one that is within my remit or authority to consider.*

*Mr H has said that when he engaged with NatWest on late 2023 that he told NatWest that R would be receiving money for a new contract in December 2023 that would allow R to resolve the position of its accounts.*

*I've listened to a recording of the telephone conversation that took place between Mr H and NatWest on 23 October 2023. And having done so I feel it's notable that Mr H explains at the beginning of this call that R has sold most of its assets and is only 'semi-trading', as Mr H describes it.*

*Later in this call, NatWest's agent asks Mr H about the current financial position of R. IN response, Mr H explains that R won't be able to afford the BBL payment that was scheduled for a few days' time, but Mr H did anticipate that R would be able to make all BBL payments from November 2023 onwards. Mr H also said that R would soon be in a position to commit to an arrears' repayment plan for the three months of outstanding BBL arrears.*

*Notably, at no point on this call did Mr H mention that R had a new contract scheduled to begin in December 2023. And the call ended with NatWest's agent explaining the payment holiday options that were available to R on the BBL and that to consider renewing R's overdraft facility that NatWest would require information about R's current financial position and six-to-twelve-month financial projections from R.*

*The only time that Mr H made any mention on this call that R's financial position might be improving was the general statement that he made that he expected R to be able to resume making its BBL payments from November 2023 onwards. And Mr H didn't elaborate on this information at any time during the call, including when NatWest's agent explained to him that R's overdraft facility might be removed if the position of R's BCA wasn't improved.*

*NatWest received R's financial information from Mr H on 9 November 2023. This included a statement from Mr H that R had "sold our previous venue and we were due to open a new*

*establishment, but this fell through... Our focus is now on Pop Ups and consistency". I'm not aware of any mention of a new contract scheduled for December 2023 in the 9 November 2023 information Mr H provided. However, given that Mr H later confirmed to NatWest when he spoke with them on 29 November 2023 that R's financial projections had changed, so that the information NatWest held from 9 November 2023 was invalid, I feel that this is moot point.*

*I've listened to a recording of the telephone call that took place on 29 November 2023. On this call, Mr H explains that from 28 December 2023, R will begin a new 'Pop Up' contract which will generate income for R. As such, I'm satisfied that NatWest were made aware on this call that R was expecting to generate income from 28 December 2023 onwards.*

*On that same call, NatWest's agent asked Mr H about how long he felt it would take R to recover the position of its BCA so that it wasn't overdrawn. In response, Mr H said that he felt it would take R at least twelve months to achieve this.*

*NatWest's agent also asked Mr H about the position of R's BBL, to which Mr H responded that he'd applied for a six-month PAYG payment holiday which had begun the month before, in October 2023, meaning that R wouldn't be liable to make further payments towards its BBL until May 2024. Notably, this PAYG payment holiday included a restructuring of the BBL to incorporate the arrears that had accrued up to that time, meaning that R's BBL was no longer considered to be in arrears.*

*The call then continues with NatWest's agent asking Mr H to confirm whether the financial projections for R have changed, given the new contract that Mr H has mentioned. Mr H confirms that this is indeed the case, and NatWest's agent then asks Mr H to provide updated financial projections for R which include that new contract.*

*NatWest's agent explains that he's making this request because the current projections that they are assessing results in NatWest concluding that R's business is likely to be unviable such that no further credit (such as an overdraft facility renewal) can be provided to it by NatWest, and that NatWest would instead seek to recover the balance of R's accounts via their collections and recoveries process. And NatWest's agent asks Mr H to provide the updated projections by 13 December 2023 and explains that once they are received that they will review the projections and call Mr H back.*

*NatWest's agent then explains that if he doesn't receive the updated projections that they will call Mr H to chase them, but that should it be the case that Mr H stops engaging with NatWest about R's accounts that NatWest would transfer R's accounts to its collections and recoveries team.*

*Finally, NatWest's agent discusses R's overdraft facility with Mr H and confirms that the overdrawn balance over the previously agreed limit of £7,500 needs to be addressed. And NatWest's agent and Mr H then discuss potential longer-term options of reducing the overdraft balance, such as a facility reduction plan or converting the overdraft debt to a loan. Mr H sent the updated projections to NatWest on 5 December 2023, but NatWest didn't record receipt of the projections until 22 December 2023, and NatWest's agent didn't then call Mr H back as he had promised that he would.*

*On 21 December 2023, the day before NatWest acknowledged receipt of R's updated projections, another NatWest agent reviewed R's accounts and placed restrictions on them because of R's BCA balance remaining over the previously agreed credit limit of £7,500.*

*Mr H feels that NatWest's late acknowledgment of R's financial projections led to R's accounts being restricted. But NatWest have explained to my satisfaction that this was not*

*the case. And I'm satisfied that the reason NatWest restricted R's account was because the balance of R's BCA remained more than B's (long-since-expired) credit limit.*

*Mr H also feels that R should have been allowed to continue spending on its NatWest credit account. But I don't feel that Mr H's position in this regard is reasonable. And I don't feel that it's unfair for NatWest to have prevented R from undertaking any further spending on the account, given that the overdraft facility had expired several months previously and hadn't been renewed and given that the balance of the account had been over the previous credit limit for a prolonged period.*

*I also have to question why, when Mr H didn't receive a call back from NatWest as he was expecting, he didn't proactively reach out to NatWest himself, given that he was aware of the precarious nature of R's accounts from previous conversations he'd had with NatWest.*

*Mr H has said that he didn't know that R's BCA was in excess of the previously agreed credit limit because he rarely checked that account. But as R's directors, it was Mr H's responsibility to have monitored and understood R's accounts, including the NatWest BCA.*

*Furthermore, and as detailed above, the position of R's accounts was explained to Mr H by NatWest's agent during the 29 November 2023 phone call, at which time Mr H was told that if the position of the account wasn't improved, and if Mr H stopped meaningfully engaging with NatWest, that R's accounts would be transferred to NatWest's collections and recoveries team.*

*After NatWest acknowledged receipt of the updated projections from Mr H, they attempted to call him. NatWest made three calls to Mr H on 15 January 2024 without success, and so sent a text message and a letter to Mr H asking him to contact them. When Mr H didn't respond to the letter or text message, NatWest attempted to call Mr H again on 14 February 2024, again without success. And NatWest sent a further letter and text message to Mr H on 15 February 2024 which again went unanswered.*

*Given that Mr H wasn't responding to calls, letters, or text messages, or proactively contacting NatWest himself, it doesn't seem unreasonable to me that NatWest considered Mr H to have ceased meaningful engagement with them and to have issued a formal demand for full repayment of the BCA.*

*Additionally, NatWest have explained that they operate a 'one view' policy on a customer's accounts. This means that when they issue a formal demand on one account, they also issue formal demands for all other accounts that customer may hold, regardless of the position of those other accounts. And this is because NatWest are unwilling to allow one account to remain functional with them if another account held by that same customer has been referred to collections.*

*NatWest's position in this regard is not uncommon, and I'm satisfied that it's a commercial decision that NatWest are entitled to make. But it meant that when NatWest issued a formal demand for R's BCA, they also issued one for R's BBL as well, even though that BBL wasn't considered to be in arrears at that time. Indeed, when NatWest issued the formal demands to R, they had made the decision to no longer provide banking services to R, given their dissatisfaction with how R had managed its accounts. Again, this is a commercial decision that NatWest are entitled to make, and given how R had managed its accounts, as described above, isn't a decision that I feel was unfair or unreasonable.*

*All of which means that I don't feel that NatWest have acted unfairly towards R has Mr H feels is the case here, and it follows from this that my provisional decision is that I won't be upholding this complaint or instructing NatWest to take any further or alternative action. In*

*short, this is because I'm satisfied that R's management of its BCA, and Mr H's lack of meaningful engagement with NatWest at a crucial time, meant that it was fair and reasonable for NatWest to exercise its right to default R's accounts and to terminate the banking relationship with it.*

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Mr H responded to my provisional decision and raised several points which he felt merited further consideration. I feel that I've already addressed the majority of the points that Mr H raised in my provisional decision letter above. However, the key point that Mr H made was that he felt that having told NatWest's agent on 29 November 2023 that an upcoming contract would enable R to fully clear its overdrawn balance, that NatWest should have then allowed R to engage in further spending on its business current account which it needed to undertake in preparation for that contract.

I don't agree with Mr H's position in this regard, and I feel that Mr H's expectation that NatWest should have allowed R to undertake further spending on an account that had no formal overdraft facility in place and the balance of which was already significantly over the previously agreed but now expired overdraft limit is unreasonable.

I would also have expected Mr H to have clearly explained to NatWest's agent on the 29 November 2023 phone call that R would need to undertake further spending on its account and so fall further into debt before being able to repay its debt. But Mr H didn't provide any such explanation. And if he had, I'm not convinced that NatWest would have agreed to allow R to undertake further spending without first improving the position of its account, and I don't feel that there would have been any fair or reasonable obligation on NatWest to have agreed to any request to allow further spending.

Accordingly, I don't accept Mr H's statement that by removing R's banking facilities when they did, that NatWest didn't allow R to repay its debts as per the agreement made in November 2023. This is because there was no formal agreement made in November 2023 to allow R to undertake further spending on its account. And the only agreement that was made was an informal one which included an expectation that R would improve the position of its accounts and not worsen them.

It's also notable that on several occasions in his correspondence with this service, Mr H has explained that he wasn't aware of the position of R's NatWest account because it wasn't R's primary business account and was rarely used. In consideration of these points, I feel it's reasonable to question why R's NatWest account was so important regarding the contract that was due to commence in December 2023, given the alternative and more primary business banking facilities that Mr H has suggested that R had access to.

Mr H has also said that he wasn't given any advance warning that R's banking facilities would be removed by NatWest, which he believes NatWest had a legal requirement to do. This service isn't a Court of Law, and so I have neither the remit nor the authority to comment on the legality of NatWest's actions. But from a general fairness perspective, I don't feel that NatWest acted unfairly or unreasonably by withdrawing R's banking facilities, given the long-standing adverse position of R's account. I also note that NatWest's right to withdraw these facilities in such circumstances is stipulated in the terms and conditions of the accounts, which R's directors accepted and agreed to when R opened the accounts.

Mr H has said that R never received any letter advising that its overdraft facility was expiring at the end of October 2023. But NatWest have provided this service with a copy of a letter dated 23 October 2023 which explained this fact, and which was addressed to the address currently listed on Companies House website as being the registered address for R.

If R didn't receive that letter, then that would be unfortunate, but not something I would hold NatWest accountable for, given that NatWest have no direct control over the delivery of mail. And I would also reasonably expect Mr H, as R's director, to have maintained a record of when R's overdraft facility was due to expire.

Mr H has also said that following the removal of R's banking facilities it wasn't the case that he didn't communicate with NatWest, but that he wanted to communicate via email only, so as to maintain a record of what took place. But it seems clear that NatWest wanted to speak with Mr H about R's accounts. This seems reasonable to me, given the adverse position of R's current account, and I feel that the onus was on Mr H to have communicated with NatWest as per their requirements rather than the other way round. If Mr R had wanted to maintain an email record of what took place, he could have sent conversation summary emails to NatWest following each call or asked that call notes be emailed to him.

Finally, Mr H has reiterated that when R's banking facilities were removed, R's BBL was not considered to have been in arrears. However, NatWest have confirmed that they have a 'one account' policy, whereby if they become no longer willing to provide banking services on one account, they extend their unwillingness to provide banking services to all accounts held by the customer in question.

Such a policy is not uncommon, and I note that the terms of the BBL include that an act of default on the BBL is defined as including the account holder defaulting on any liability that customer holds with NatWest – such as, for instance, a business current account.

Accordingly, I'm satisfied that having reasonably decided it was no longer willing to provide banking services to R and to have defaulted R's current account because of R's management of its overdraft facility, that it was fair and reasonable for NatWest to also have defaulted R's BBL at the same time.

All of which means that it remains my position here that NatWest haven't acted unfairly towards R as Mr H feels was the case. And it follows from this that my final decision here is that I won't be upholding this complaint or instructing NatWest to take any form of action. I realise this won't be the outcome Mr H was wanting, but I trust that he'll understand, given what I've explained, why I've made the final decision that I have.

### **My final decision**

My final decision is that I do not uphold this complaint.

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

Paul Cooper  
**Ombudsman**