

The complaint

A company, which I will refer to as R, complains that NATIONAL WESTMINSTER BANK PUBLIC LIMITED COMPANY wrongly suspended access to its bank account for a period of two days.

What happened

R's directors told us:

- They received two letters from NatWest on 17 and 18 March 2025, despite having already completed a business review the previous year for which they submitted a complaint. They queried this with their previous complaint handler but received no response.
- On 2 April 2025 NatWest blocked R's account without notice, forcing them to stop their normal business activities while trying to reach someone who could help.
- During a call on 3 April 2025, they learnt that the account freeze had been applied in error and that the letters they received had also been sent incorrectly.
- Because the corporate debit cards were frozen, they had to make payments using their personal accounts and later claim the funds back.
- NatWest's response to R's complaint was unsatisfactory, and they felt the bank failed to appreciate the seriousness of freezing the account and returning payments. They also had to chase NatWest for a response regarding the initial offer.
- NatWest then sent two more letters dated 3 April 2025, which repeated the earlier erroneous information.

NatWest told us:

- The letters sent to R requesting additional information were issued in error. The business review had already been completed, and NatWest did not require anything further from R.
- The freeze placed on R's account from 2 to 3 April 2025 was applied in error. During this period, two direct debits were returned unpaid, leading to charges totalling £24.
- NatWest initially paid £200 in compensation and £12 to refund one unpaid item charge.
- It later offered a further £200 (increased its total offer to £400) for the inconvenience caused. It has also refunded a further £12 cover the other unpaid item charge.

R's directors rejected NatWest's offer. They explained that the bank's error created significant additional work and associated costs, and that the impact went beyond the financial loss, causing substantial stress and inconvenience. They are seeking the following:

- £1,266 to compensate for the time spent resolving the issue with NatWest.
- £281 for the time required to contact suppliers after two direct debits were returned unpaid.
- £825 for the time spent navigating and responding to NatWest's complaints process.

Our investigator explained that, because this is a limited company's complaint, they cannot recommend compensation for personal distress. They also couldn't verify some of the impacts described by R's directors, such as time spent preparing for phone calls. Overall, they considered NatWest's offer to be in line with what we would usually expect, so they did not recommend increasing it.

R's directors did not accept our investigator's conclusions, so the complaint was referred to me 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'm sorry to further disappoint R's directors but having done so I've come to the same conclusion as our investigator for broadly the same reasons.

R's account was restricted between 3 and 4 April 2025 and NatWest accepts this was a mistake. The question is what NatWest should do to put things right.

I am very sorry for how what happened has left R's directors feeling. However, the account at the centre of this complaint belonged to R; it was not the personal account of R's directors.

That means I can only award compensation for losses suffered by R. I have no power to make any award to compensate R's directors for any distress they may have suffered personally.

In addition, the Financial Ombudsman Service only has the power to consider activities that are covered by the rules given to us by the Financial Conduct Authority. And how a firm handles a customer's complaint is not such an activity, so I am unable to consider this element of R's complaint.

During the period when the account was blocked, NatWest applied two unpaid item charges after two direct debits were returned. NatWest has already reimbursed R for those fees, which I think is fair. I have not seen sufficient evidence to persuade me that R suffered any additional loss as a result of the bank's error – but I accept that R did suffer inconvenience.

We publish information on our website about our approach to non-financial loss (available at <https://www.financial-ombudsman.org.uk/consumers/expect/compensation-for-distress-or-inconvenience>). We usually consider an award of between £300 and £750 to be fair where the impact of a mistake has caused significant inconvenience and disruption that needed a lot of extra effort to sort out, over many weeks or months.

In this case the bank's error had a significant impact on R, but I also note that the issue was resolved within a very short period. R's directors also had to spend time speaking with NatWest, taking them away from their usual business activities.

Taking into account what happened here, looking at our guidance, and applying my own judgement, I can't fairly order NatWest to pay more than £400 in compensation for inconvenience.

My final decision

My final decision is that NATIONAL WESTMINSTER BANK PUBLIC LIMITED COMPANY's offer is fair. I understand the bank has already paid £200 in compensation plus £24 to refund charges. If it has not already done so, I therefore order NATIONAL WESTMINSTER BANK PUBLIC LIMITED COMPANY to pay a further £200 to compensate R for the inconvenience that it suffered.

Under the rules of the Financial Ombudsman Service, I'm required to ask R to accept or reject my decision before 16 February 2026.

Laura Colman
Ombudsman