

complaint

Mr and Mrs M complain that National Westminster Bank Plc closed their business account without notice after Mr M made a complaint. They ask that NatWest allows them to keep the account, acknowledges its errors and pays compensation.

background

Mr and Mrs M had a business account with NatWest as well as personal accounts. In early 2015 NatWest sent default notices and formal demands. Mr M contacted NatWest and it agreed to increase the overdraft limit on the business account. A £75 arrangement fee was applied. Mr M says NatWest told him the accounts wouldn't be closed. Mr M then found he couldn't use his account cards. When he contacted NatWest, it said the account was closed.

Mr M says if he'd had 28 days' notice he could have opened an account with another bank. The sudden closure of the account meant he couldn't order supplies or complete orders. They had to close the business and re-brand, incurring costs. It also made it difficult to open an account elsewhere.

The adjudicator recommended that the complaint should be upheld. He said NatWest had given conflicting information about what was happening with the account. Closing the account had a detrimental effect on the business. The adjudicator said NatWest should refund the £75 fee and pay £650 compensation in addition to the £100 already paid.

NatWest agreed. It also agreed to write to Mr M saying it should have given the required notice before closing the account. Mr and Mrs M did not agree. Mr M wanted NatWest to confirm its negligence in writing before agreeing to compensation.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Where the evidence is incomplete, inconclusive or contradictory, I reach my decision on the balance of probabilities – in other words, what I consider is most likely to have happened in light of the available evidence and the wider circumstances.

NatWest sent a default notice in February 2015 and a formal demand in March 2015. It was concerned about the level of debt and conduct of Mr and Mrs M's accounts. In April 2015 it decided to move the business account to its recoveries team.

NatWest said it didn't need to re-issue the default notices before transferring the accounts to its recoveries team. But I think NatWest gave conflicting information to Mr M about the accounts. In March 2015 NatWest agreed to increase C's overdraft limit for six months (subject to a consolidation loan being agreed for Mr M's personal debts). I think Mr M's assumption he could continue to use the business account was not, in the circumstances, unreasonable. Because of this, I think NatWest should have told Mr M it still intended to transfer the account to its recoveries team so he could try to open an account elsewhere.

NatWest told Mr M in early April the account wouldn't currently be closed down. He was told it wouldn't be closed during the investigation of his complaint. While the account wasn't closed, it was inactive meaning Mr M couldn't use it to make payments.

NatWest says it made an error when it offered an increased overdraft facility. It accepts it didn't give clear information about what would happen with the account and didn't phone Mr M when it said it would. I think this made the process and impact of closing the account more difficult than it needed to be. In the circumstances, I think it would be fair and reasonable to require NatWest to refund the £75 overdraft arrangement fee and pay compensation of £650 in addition to the £100 already paid. NatWest has agreed to write to Mr and Mrs M saying it should have given notice before closing the account and I think this is reasonable.

NatWest can make a commercial decision whether to offer – or continue to offer – banking services to a customer. I don't think NatWest closed Mr and Mrs M's account because Mr M made a complaint. I think it was concerned about the conduct of the account. While I understand Mr and Mrs M have found it difficult to open an account elsewhere, I'm not persuaded this is solely due to the way NatWest closed their business account. I don't think it's reasonable to require NatWest to keep the account open or pay more compensation.

my final decision

My decision is that I uphold this complaint. I order National Westminster Bank Plc to:

- refund the £75 overdraft arrangement fee (if it hasn't already done so);
- pay £650 to Mr and Mrs M; and
- write to Mr and Mrs M saying it should have given the required notice before closing the account.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs M to accept or reject my decision before 12 February 2016.

Ruth Stevenson
ombudsman