

Complaint

Miss B complains that National Westminster Bank Plc has closed her accounts and they registered a marker against her with CIFAS, the UK's fraud alert service. This marker made it difficult to open another account. She would like the accounts reopened and to know the reason why they were closed.

Background

Miss B had three accounts with NatWest. On 20 March 2019 following a review from NatWest she received a letter giving her 60 days' notice of closure of all her accounts and asking her to make alternative banking arrangements.

Miss B was unhappy with this decision. She contacted us and we advised her to complain to the bank. In response to the complaint NatWest reviewed the decision and on 8 April 2019 they confirmed their original decision to close her accounts with 60 days' notice.

NatWest recorded a CIFAS marker against Miss B in August 2019 when they thought she had deliberately removed funds she wasn't entitled to from her account. It later transpired it was an administrative error. After our investigator contacted NatWest, they reviewed their decision to apply the marker and removed it in February 2020.

As Miss B was unhappy with NatWest's decision, she referred the complaint to us. She said NatWest were unfair to apply the marker. And stopped her from opening other bank accounts. She wanted NatWest to pay her compensation.

Our investigator looked into the complaint, she thought that NatWest were entitled to close the accounts. She thought that NatWest shouldn't have recorded a marker against Miss B in August 2019 and awarded her £100 in compensation for the distress and inconvenience of not being able to open an account.

NatWest agreed with our investigator's view.

Miss B was unhappy with the investigator's view she thought that the amount of compensation was not adequate for the time and distress of not being able to open a bank account due to the marker. So, the matter has come to me to decide.

My findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Account closure

As the investigator explained it's generally for banks to decide whether or not they want to provide, or to continue to provide, banking facilities to any particular customer. Unless there's a good reason to do so, this service won't usually say that a bank must keep a customer or require it to compensate a customer who has had their account closed.

Banks should however, give reasonable notice before closing an account. Usually that means 60 days' notice, but it can be less depending on the circumstances. I can see that

NatWest wrote to Miss B on 20 March 2019 and let her know it was closing her account giving her 60 days' notice. So, I'm satisfied NatWest closed the accounts in line with the account terms. And gave Miss B adequate time to open another bank account.

Whilst Miss B may've expected to be given the reasons for the closures, NatWest isn't required to give her a specific reason for closing the accounts. So, I can't say NatWest have done anything wrong by not giving Miss B this information – as much as she'd like to know.

In summary, I recognise Miss B feels unhappy about the closure and that NatWest isn't justified in closing the accounts, but overall, based on the evidence I've seen, I can't say NatWest has acted unreasonably and treated Miss B unfairly when it closed her accounts.

CIFAS Marker

NatWest said it applied the marker in August 2019 because it believed that Miss B had deliberately removed funds, she wasn't entitled to from her account during the closure process.

So, I've looked at whether NatWest was fair to apply the marker, based on the evidence it had and the investigation it carried out and what the rules say about applying such markers.

CIFAS guidance says the business must have carried out checks of sufficient depth to meet the burden of proof set by CIFAS, which at that time was that NatWest needed to have enough information to make a formal complaint to the police or other relevant law enforcement agencies. And that any filing should be for confirmed cases of fraud, rather than mere suspicion. In addition, CIFAS guidance set out businesses are expected to retain the evidence they rely upon when applying a CIFAS marker for at least six years.

Having reviewed Miss B's account of events and the evidence NatWest have provided, I'm not satisfied NatWest had sufficient evidence for the CIFAS marker to be recorded on her file. In coming to this view I've taken into account the following reasons:

- NatWest didn't contact the branch or Miss B to find out exactly what had happened, had they done so they would have realised that Miss B didn't intend to defraud them, and the branch had in fact made an error by allowing Miss B to withdraw money against a pending transfer.
- I have seen a system note that confirms NatWest knew the money wasn't lost. Despite this the marker wasn't removed until February 2020. Following the involvement of our investigator.

NatWest removed the marker in February 2020, so I've gone on to consider the impact this had on Miss B. Miss B had opened a replacement account in May 2019 with bank N but as a result of the CIFAS marker this was closed in August 2019. She has said she was also refused an account by another bank. She said that because of these problems she became anxious and fearful about going into another branch. I appreciate that this was stressful for Miss B. I don't think NatWest met the burden of proof to load such a marker and I accept that not being able to find suitable accounts caused Miss B frustration and distress. I am satisfied that the amount of £100 compensation is a fair and reasonable award. In deciding this I have taken into account that Miss B had access to a basic account which her salary was paid into during this time. So, the impact was reduced.

In summary the bank is entitled to close the account on notice. I appreciate that having to find new accounts was stressful. However, I recognise that the loading of the CIFAS marker made a stressful situation more difficult and as I've said I think £100 compensation is fair and reasonable amount in the circumstances.

My final decision

My final decision is that I partly uphold the complaint.

I require National Westminster Bank Plc to pay Miss B £100 in compensation for the trouble and upset caused by loading the CIFAS marker.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 11 July 2020.

Esperanza Fuentes
ombudsman