

The complaint

Mrs S and Mr S complain that National Westminster Bank Plc unfairly blocked their business account.

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.

Mrs S and Mr S had a business current account with NatWest. In October 2021, a restraint order was issued by a court, which permitted Mrs S and Mr S to use their NatWest account for business and personal purposes. Mrs S has explained that she used the account to receive wages, and pay bills, and suppliers, and any other expenses needed to keep her business afloat.

In July 2022, NatWest blocked and reviewed Mrs S and Mr S's account. This meant they weren't able to access the funds in the account. The account also couldn't receive any credits and no direct debits could be made. The account was blocked between 22 July and 5 August 2022.

Mrs S has said that due to the block on her account she had to borrow money to keep her business going, incurred charges for payment terminals she was unable to use because multiple direct debits had been blocked, and she lost business because she couldn't take payments. Mrs S says she was also forced to use her daughter's account which was stressful and made running her business more difficult. Mrs S says NatWest should have warned her that the account was going to be blocked and that NatWest actions are contrary to what is specified in the court order. So, she wants NatWest to explain why it blocked the account.

Mrs S complained to NatWest. In response NatWest said it hadn't done anything wrong and was complying with its legal and regulatory obligations when it had blocked the account. As a gesture of goodwill, it offered to refund Mrs S £120 worth of account charges.

Unhappy with this response, Mrs S and Mr S brought their complaint to our service where an investigator considered it. The investigator asked NatWest to provide more information about why it had blocked the account. But NatWest said it couldn't provide anything more than it had already provided to us. The bank maintained that it hadn't treated Mrs S unfairly when it had blocked her account.

The investigator said based on the limited information the bank had provided, she couldn't say the bank had treated Mrs S and Mr S fairly when it had blocked their account. So, she said NatWest should pay Mrs S and Mr S £400 compensation, refund the £120 account charges, and pay interest on this amount for any trouble and upset the block had caused them.

In response to the investigator's view NatWest provided more information about the reasons it blocked Mrs S's account. The investigator looked at everything again and said that NatWest hadn't treated Mrs S and Mr S unfairly. She said that NatWest's offer to refund £120 was fair. In response, Mrs S said she isn't interested in financial compensation. She wants to know why NatWest blocked the account.

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 banks as confidential for a number of reasons – for example, if it contains security information, or commercially sensitive information. Some of the information NatWest has provided is information that we considered should be kept confidential. This means I haven't been able to share a lot of detail with Mrs S and Mr S, but I'd like to reassure them that I have considered everything.

NatWest 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. They're also required to carry out ongoing monitoring of new and existing relationships. That sometimes means they need to restrict customers' accounts – either in full or partially while they carry out their review. The terms of the account also permit NatWest to block an account. This means NatWest is entitled to block and review an account at any time.

Having looked at all the evidence, I don't believe it was unreasonable in the circumstances for NatWest to block Mrs S and Mr S's account. NatWest has explained that this was its standard procedure, and I accept that it was. I'm satisfied that in doing so NatWest were complying with its legal and regulatory obligations. So, whilst I accept, the bank's actions caused Mrs S and Mr S inconvenience and upset when it blocked their account, I can't say the bank did anything wrong and treated them unfairly in doing so.

I understand of course why Mrs S wants to know the exact reasons behind NatWest's decision. And I can see that Mrs S has asked NatWest to explain itself on several occasions. But NatWest doesn't disclose to its customers what triggers a review of their accounts. And it's under no obligation to tell Mrs S the reasons behind the account review and block, as much as she'd like to know. So, I can't say it's done anything wrong by not giving Mrs S this information. And it wouldn't be appropriate for me to require it to do so.

Finally, Mrs S has said that because of the account block multiple direct debits went unpaid which included several to payment terminal providers. As a result, she incurred account charges. NatWest has agreed to refund some of the account charges as a gesture of goodwill. That's not an admission that they applied the charges unfairly. Having looked at the terms and conditions of the account, I find that the charges were applied correctly and in line with the terms and conditions. NatWest has said its gesture of goodwill remains open so I will leave it up to Mrs S to decide if she wishes to accept it.

In summary, based on the evidence I've seen, I can't say NatWest has acted unreasonably and treated Mrs S and Mr S unfairly when it blocked their account. So, I won't be asking NatWest to do anything more to resolve their complaint.

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 W and W to accept or reject my decision before 1 January 2024.

Sharon Kerrison
Ombudsman