

The complaint

Mr R is unhappy that National Westminster Bank Plc (NatWest) wrote to him saying it would close his account if he didn't stop using it for business transactions.

What happened

In January, NatWest wrote to Mr R asking that he stops using his personal account for business related activity. The bank advised him to either move his transactions to an existing business account or, if he doesn't have one, then to open a new business account. NatWest provided Mr R with a deadline and explained that it would close his account should he continue using it for business activities.

After Mr R made a complaint, NatWest said that it had acted fairly and in line with its terms. Mr R asked this service for an independent review as he remained unhappy. Our investigator decided NatWest had acted fairly.

Remaining unhappy, Mr R asked for a final decision – so the complaint has been passed to me to decide.

Mr R recently raised a concern about NatWest rejecting his application for a business account. This issue is being considered by this service under a separate complaint, so I won't be commenting on that complaint in my 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.

Having done so, I share the opinion that NatWest has acted fairly – I'll explain why.

The bank's terms set out that Mr R's account "must not be used for business purposes". The terms also explain that NatWest can close Mr R's account if it is used for business purposes. NatWest says that it discovered Mr R's account was being used for business transactions, so it wrote to him to ask that he stops doing so. I think it was reasonable of the bank to have done this, given Mr R's account was being used in a way that breached the terms he agreed to.

NatWest's letter provided Mr R with several months to move his business transactions elsewhere and explained the bank would close his account if he failed to do so by the deadline. It also allowed Mr R to continue using his account as usual in the meantime. I don't find this to be unfair. It's up to NatWest to decide the parameters of how its customers can operate their accounts. And such parameters seem to be clear in its terms and conditions. NatWest noticed Mr R was operating his account in breach of its terms. In such circumstances, I'd expect the bank to contact Mr R, explain the issue and give him a reasonable opportunity to resolve the matter – which is what the bank did. So I don't agree that the bank did something wrong.

I can see that by August, this matter was resolved and NatWest wrote to Mr R to explain no further action would be taken. So his account remained open, despite NatWest's original intimation that it would be closed if Mr R continued making business transactions via his personal account after the deadline. I'm satisfied things were resolved before the deadline and Mr R didn't suffer any detriment because of the potential account closure.

Mr R says his account was opened as a business account in 1989, so NatWest's stance is incorrect. Mr R also challenges the fact that the bank didn't offer him an alternative option. However, I don't agree that NatWest should've offered Mr R any alternative options as I think that's a decision for Mr R alone. I can see NatWest's letter sets out what Mr R could do – including moving his business activity to an existing business bank account or opening a business bank account with NatWest or another bank. I think these were appropriate options to set out to Mr R and I think it was reasonable to place the onus on Mr R to decide what he wanted to do next.

Moreover, NatWest has sent records that show Mr R's account was opened in 1992 as a current account. So NatWest acted fairly when it pointed out to Mr R that he couldn't use this account for business transactions.

In summary, I think NatWest has applied its terms fairly here, so I won't be asking it to take any further action regarding this complaint.

My final decision

I'm not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 8 December 2023.

Abdul Ali
Ombudsman