

## The complaint

L, a limited company complains that National Westminster Bank Plc unfairly closed its accounts. L is also unhappy about the service NatWest provided regarding the repayment of loans.

L is represented by its director, Mr B.

## What happened

L had a current account with NatWest. It also had two loan accounts with NatWest – a small business loan and bounce back loan.

In November 2020, NatWest decided to review L's current account. Following its review, in January 2021, NatWest decided to close L's account and wrote to Mr B to let him know he needed to make alternative banking arrangements.

Mr B contacted NatWest to try and find out what was happening with L's account but says the bank wouldn't tell him much about why it no longer wanted L as a customer. He also said that as a result of the account being closed, he wasn't able to make repayments towards L's loans. No payments have been made towards L's bounce back loan since January 2021 and no payments were made towards L's small business loan since September 2021. So, both loans are in arrears.

NatWest said it hadn't done anything wrong when it reviewed and closed L's account. It also said that it had tried to contact Mr B throughout 2021 about repaying L's loans, but no arrangements had been put in place. Arrears therefore continued to accrue, ultimately leading NatWest to default both loans and instruct a debt collection agency.

Mr B brought L's complaint to our service and one of our investigator's looked into things. He said NatWest hadn't done anything wrong when it had reviewed and closed L's account. Mr B disagreed. He says NatWest treated L unfairly when it closed its account which caused problems repaying L's loans. He wants the bank to explain why it closed L's account and pay compensation for the inconvenience the bank's actions caused L.

As no agreement could be reached the complaint came to me to decide. After reviewing all the evidence and arguments I issued a provisional decision in which I said the following:

*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 Mr B, but I'd like to reassure him that I have considered everything.*

*I've considered whether NatWest acted fairly in closing L's account. In doing so, I've looked at the terms and conditions of the account and relevant regulations. The terms and conditions outline that the bank can close a customer's account with two months' notice, and*

*in certain circumstances they can close an account with less notice. In this case NatWest closed L's account without the full notice period. For NatWest to act fairly here they needed to meet the criteria to apply their terms for immediate closure – and having looked at these terms and all the evidence, I'm satisfied that the bank did and that it was entitled to close the account as it's already done. So, I can't say NatWest treated L unfairly.*

*I understand that Mr B wants NatWest to explain the reason it closed L's account and he is upset that when he spoke to the bank, he wasn't able to find out much at all about why the bank had decided to close L's account. But NatWest is under no obligation to tell Mr B the reasons behind the account closure, as much as he'd like to know. So, I can't say it's done anything wrong by not giving Mr B this information. And it wouldn't be appropriate for me to require it to do so.*

*Mr B has said that he couldn't make L's loan repayments because the bank had closed L's business account. I can appreciate that NatWest closing L's bank account made things difficult for Mr B to run his business and make L's loan repayments, but it's reasonable for NatWest to expect repayment of the money L borrowed and owed. NatWest could also end their relationship with L even though L had two loans with the bank.*

*From looking at the information, it's evident that L didn't make sufficient payments towards what was owed on either loan. No payments had been received on the bounce back loan since January 2021 and no payments had been made towards L's small business loan since September 2021. So, both loans are in arrears.*

*I've looked at the contact notes and the letters which NatWest sent to Mr B in the run up to its decision to close the loans and default them. I can see that NatWest wrote to Mr B on several occasions between May 2021 and March 2023, which included final demand and pre-default letters. The bank also tried to call him and sent him text messages asking him to get in touch about repaying the loans. I can see that NatWest offered to help Mr B via its financial support team and said it would put any recovery action on hold until L's complaint had been looked at by our service. So, I'm satisfied that NatWest responded positively and sympathetically towards Mr B.*

*Having looked at the correspondence NatWest sent Mr B I'm also satisfied that it set out clearly what steps NatWest would take if the arrears weren't repaid, which included reporting information to credit reference agencies and passing the loans to debt recovery agents. Having looked at everything, I'm satisfied that NatWest acted reasonably. I think it's now down to Mr B to contact NatWest to arrange to repay what L owes.*

*In summary, it's clearly caused L inconvenience when NatWest closed its account. But having looked at all the evidence and circumstances of this complaint, I'm satisfied that NatWest has treated L fairly when it closed its account and asked L to repay its loans. So, I won't be telling NatWest to do anything else to resolve L's complaint.*

NatWest accepted my provisional decision. Mr B responded on behalf of L. In summary he said:

- He tried to make payments towards the loans but couldn't after L's accounts were closed and his banking apps disappeared from his mobile phone
- He doesn't understand why he should go to the trouble of making the payments when he hadn't done anything wrong
- NatWest has ruined his credit score
- NatWest have hurt him, and its actions amount to a great injustice against him

Now both sides have had an opportunity to comment I can go ahead and issue my 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.

In response to the provisional decision, Mr B has raised a number of concerns, which I'll now address below.

Mr B has said that he couldn't make L's loan repayments because the bank had closed L's business account and removed access to his online banking. He's said that he did try and make some payments by visiting a branch, but because L's accounts had been closed, staff couldn't find its accounts on the bank's computer systems. I can appreciate that NatWest closing L's bank account made things difficult for Mr B to continue to make payments towards L's loans, and I accept what he says about what happened when he went into a branch. I also accept that Mr B is very upset about what happened, but it's reasonable for NatWest to expect repayment of the money L borrowed and owed, regardless of whether the bank closed L's accounts and how upset Mr B is about everything.

As I set out in my provisional decision the letters which NatWest sent to Mr B in the run up to its decision to close the loans and default them set out clearly what Mr B needed to do about repaying L's loans. And what would happen if he didn't repay what L owed, which included reporting information to credit reference agencies and passing the loans to debt recovery agents.

I'm satisfied from looking at the contact notes NatWest has provided that the bank also tried to call Mr B and sent him text messages asking him to get in touch about repaying the loans. So, despite Mr B saying he had trouble repaying the loans at branch I think NatWest have let him know exactly how he could carry on making L's loan repayments. But I haven't seen any evidence that Mr B took any steps to repay L's loans.

I can also see that NatWest offered to help Mr B via its financial support team and said it would put any recovery action on hold until L's complaint has been looked at by our service. So, I'm satisfied that NatWest responded positively and sympathetically towards Mr B. Having looked at the correspondence NatWest sent Mr B I'm also satisfied that it set out clearly what steps NatWest would take if the arrears weren't repaid. Overall, I'm satisfied that NatWest acted reasonably and fairly when it asked L to repay its loans. I think it's now down to Mr B to contact NatWest to arrange to repay what L owes.

In summary, I appreciate that Mr B on behalf of L, will be disappointed by my decision, but I see no reason to depart from my provisional findings. I remain of the view that this complaint should not be upheld for the reasons set out in my provisional decision, which are repeated above and form part of this decision.

### **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 L to accept or reject my decision before 15 December 2023.

Sharon Kerrison  
**Ombudsman**