

## **The complaint**

E, a company complains that National Westminster Bank Plc blocked and closed its accounts without warning. It would like to receive a replacement debit card, compensation of £9,524 and an apology. E is represented by its director Mrs S.

## **What happened**

Both E and Mrs S had accounts with NatWest. Following issues which led to the closure of Mrs S's accounts, NatWest confirmed to E that its account wouldn't be affected.

In May 2022 the business debit card was cancelled and despite numerous requests and reassurances from NatWest it was not reissued. E says it has lost £9,254.00.

NatWest carried out a review of E's account. It blocked E's account for about two weeks in September 2022. NatWest sent E a notice to close letter dated 26 January 2023 giving 60 days' notice.

E complained to our service. One of our investigators looked at the complaint. She thought that NatWest hadn't given us enough evidence to be satisfied that they acted fairly when they decided to close E's account. She also thought E had been told that a new card was going to be issued when that wasn't the case. E's representative Mrs S spent time trying to get a new card issued on several occasions. She thought E should be compensated with £150 for both these issues.

Mrs S was unhappy with the view she thought we hadn't considered the closure of the business account without notice and the subsequent loss of business clients and reputation.

E provided further documents to show loss of clients as a result of the limited access to the business account.

As there was no agreement 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.

### *Account block*

Following a review of Mrs S' personal accounts NatWest carried out a review of E's account.

I'll start by setting out some context for the review of E's account. UK legislation places extensive obligations on regulated financial businesses. Financial institutions must establish the purpose and intended nature of transactions as well as the origin of funds, and there may be penalties if they don't. This applies to both new and existing relationships. These obligations override all other obligations. These legal and regulatory requirements mean they have to monitor their customers' accounts and may need to review an account at any time. While that is happening, they may need to block or restrict any payments. I am satisfied

NatWest were complying with these obligations when they reviewed E's account.

As part of the review of E's account, the account was blocked between 13 September 2022 and 27 September 2022. I am satisfied that NatWest didn't cause any unnecessary delays during the period the account was blocked, and they unblocked the account as quickly as possible, so I'm satisfied they didn't act unfairly there.

#### *Account closure*

NatWest decided to close E's account and wrote to E and provided E with 60 days' notice of account closure, the letter was dated 26 January 2023.

NatWest needs to provide information to this service so we can fairly decide a complaint. NatWest has failed to provide sufficient information about why it blocked E's accounts and the reasons why it no longer wanted E as a customer. So, in this particular case, because of the lack of information, I can't be satisfied that NatWest has treated E fairly when it closed E's account. Taking this into account, I agree with the investigator that NatWest should pay E compensation for the trouble and upset caused by closing its account.

Mrs S has said she should have been told that the account would close and that a review was taking place. But I disagree NatWest isn't obliged to tell its customers that a review of their account is taking place or any reasons for the review. Mrs S has said that she never received the letter informing her E's account was closing. However, I'm satisfied that NatWest sent the letter to the correct address and E hadn't highlighted any issues with their post so on balance I'm satisfied the letter was sent.

I understand that Mrs S would like NatWest to explain the reason it applied the block to E's account and subsequently closed it. And provide her with the information it relied on to do so. 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 block and the account closure, as much as she'd like to know. So, I can't say it's done anything wrong by not giving E this information. And it wouldn't be appropriate for me to require it to do so.

#### *Debit card*

Mrs S has explained how NatWest promised on a number of occasions to provide E with a new debit card. Mrs S was given incorrect information about cards being issued and being lost and new replacement cards being issued. I accept that E was without the use of a business debit card from May 2022 until the account closed.

Mrs S has said that this had the effect of limiting the business that E could carry out by 90%. However, having looked at account statements for E for the period after the debit card stopped working, I can see from the bank statement that the business continued to trade so I can't say that E was unable to carry out its business to the extent Mrs S has mentioned because of the loss of the debit card.

I note Mrs S was told in June 2022 that a new card wouldn't be issued to E and NatWest quoted from the terms and conditions. So, I'm satisfied that by June 2022 E could have taken steps to arrange other banking facilities if as Mrs S says the loss of the debit card was having such a significant effect on the business. And I understand from what Mrs S has said that E got another business account, thereby mitigating E's losses which is what I would have expected it to do.

However, I think NatWest should have given E the correct information instead of giving

Mrs S the impression that a new card would be available to E soon and asking Mrs S to request a new card and go to E's local branch etc. Because of this and because NatWest haven't been able to provide this service with a reason for the account closure, I think E should receive compensation. The investigator thought £150 was fair compensation and having reviewed all the information on the file I'm satisfied that this amount is fair, and I see no reason to increase it.

#### *Loss of business and clients*

I have seen the information E provided to our service following the investigators' view. Mrs S has said this is evidence that E lost clients because of the block on the accounts. I would like to thank Mrs S for providing the extra information. I have looked at this carefully. I can see that the letter she has sent suggests loss of business because E only had limited access to a business account. The letter from E's client is dated 15 June 2022 – at the time the account was fully operational. The evidence from the bank is that E had access to the account and the account was only blocked between 13 September 2022 and 27 September 2022. The rest of the time the account was operational even though there was no debit card so I can't agree that E lost business from that client because E had limited access to a business account. In addition, looking at the bank statement for that period I can see that E was operating the account in a very similar way to the way it had done, before the debit card was withdrawn in May 2022. Because of this I don't see a reason to award E further compensation in particular for lost business in the sum of £9,254.00 as Mrs S has requested.

#### **My final decision**

For the reasons stated above I uphold this complaint. To put things right National Westminster Bank Plc should pay E £150 compensation for the trouble and upset caused by the bank closing its account and being given incorrect information about its debit card.

Under the rules of the Financial Ombudsman Service, I'm required to ask E to accept or reject my decision before 24 November 2023.

Esperanza Fuentes  
**Ombudsman**