

The complaint

A company I will refer to as L, complains about the decision of National Westminster Bank Plc to decline its application for a business bank account. L is also unhappy that National Westminster Bank Plc has not explained why it made its decision.

Mr J, a director of L, brings the complaint on its behalf.

What happened

The following is intended merely as a brief summary of the events. In March 2023, L applied for a business bank account with National Westminster Bank Plc (NatWest). NatWest considered the application, but declined it. Mr J raised a complaint about this, on L's behalf.

NatWest said that the application had been processed correctly, but that it did not advise any potential customers of the reason that a particular application has been declined. The reasoning behind this is to ensure that customers who look to apply again after a decline are not able to circumvent the Bank's security procedures.

Mr J brought L's complaint to the Financial Ombudsman Service. However, our Investigator did not think NatWest had acted inappropriately and did not uphold the complaint. Mr J remained unsatisfied. He thought NatWest had declined the application due to an error on its part, and said that other banks had provided L with an account. Mr J felt NatWest should explain the reasons for declining the application, and referred to recent media interest in a similar issue.

As the Investigator was unable to resolve the complaint, it has been passed to me for a 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 have come to the same conclusions as our Investigator, largely for the same reasons.

As long as it does not act unlawfully or discriminate against a potential customer, largely speaking, a bank is entitled to determine who it decides to start doing business with.

NatWest, as with all banks, needs to satisfy itself of certain things before it will agree to do business with a customer. These factors can change between different banks, but each bank is largely able to set the limits relating to its decision making.

I should point out that the circumstances of L's complaint are different from those recently in the media. This complaint concerned the start of a new commercial relationship, rather than a decision to withdraw services already offered.

Based on the evidence provided, I do not consider NatWest most likely came to its decision mistakenly. It considered the information available to it and made a commercial decision. This decision was not made for unlawful or discriminatory reasons.

I appreciate it would be helpful for Mr J to know the reasons why L's application was declined, as this would allay any concerns he has about the process. But there are good reasons why a bank will not explain all of the factors that go into its decision making process. And NatWest set these out to Mr J.

Taking all of the circumstances into account, I am satisfied NatWest acted fairly and reasonably.

My final decision

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 1 December 2023.

Sam Thomas
Ombudsman