

The complaint

Mr E complains National Westminster Bank Plc blocked and later closed his account. He suffered distress and inconvenience. He would like compensation and a reason for the closure.

What happened

Mr E had accounts with NatWest.

On 6 June Mr E found out he didn't have access to his accounts when he went to use online banking. He said NatWest didn't give him any information. Mr E said he was stressed as he was in the middle of a house purchase.

Following the review NatWest issued Mr E with a notice to close letter on 22 June 2022 giving him 60 days' notice. The account was due to close 22 August 2022.

Mr E went into branch and accessed his funds and closed the account on 20 July 2022.

Mr E complained to NatWest. They said their terms allowed them to block accounts. They were acting in line with their regulatory obligations, and they didn't have to give a reason. They confirmed no credits and debits would be processed during the block. They acknowledged Mr E had tried to contact them on numerous occasions but whilst the review was pending, they couldn't give Mr E any information.

Mr E complained to our service.

One of the investigators looked at the complaint. The investigator asked NatWest to provide more information about why it had blocked and closed Mr E's accounts. But NatWest said it couldn't provide anything more than it had already provided to us. And maintained that it hadn't treated Mr E unfairly.

The investigator said although NatWest were entitled to review the account, they hadn't provided enough information to this service to be satisfied they had acted fairly in closing Mr E's accounts. Therefore, she thought NatWest should pay £150 in compensation for the trouble and upset caused by the account closures.

NatWest agreed. Mr E disagreed he said that he thought NatWest should say what the reason was for closing the accounts. He said he wanted the accounts reinstated and substantial compensation. He said that he hoped the recent media coverage regarding NatWest would prompt a change in the law and provide transparency for customers.

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.

Financial businesses, like NatWest, are subject to a number of legal and regulatory requirements. These 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.

This is reflected in NatWest's terms and conditions. These say NatWest can block an account to meet its legal obligations and delay payments if needed to carry out further checks. In this case NatWest have said they were following their regulatory obligations when they blocked the accounts. I am satisfied they didn't cause a delay during their review and were proactive in their enquiries.

Mr E wants to know the reason why NatWest blocked his accounts. But NatWest doesn't disclose to its customers what triggers a review of their accounts. And it's under no obligation to tell Mr E the reasons behind the account block, as much as he'd like to know. So, I can't say it's done anything wrong by not giving Mr E this information.

NatWest proceeded to give Mr E 60 days' notice of its intention to close the accounts.

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 Mr E's accounts and the reasons why it no longer wanted him as a customer. So, in this particular case, because of the lack of information, I can't be satisfied that NatWest has treated Mr E fairly when it closed his accounts. Taking this into account, I agree with the investigator that NatWest should pay Mr E compensation for the trouble and upset caused by closing his accounts.

I know that Mr E wants NatWest to reopen his accounts. Although NatWest haven't provided this service with the reasons why it no longer wants Mr E as a customer. I am not going to ask NatWest to reopen Mr E's accounts. That's because it has the commercial freedom to decide who it wants as a customer.

I have gone on to consider the impact the block and closure had on Mr E. I accept that Mr E was in the middle of a property purchase so having his accounts blocked would have been stressful. But Mr E has said he was able to borrow money from family. So, I'm satisfied he did everything he could to minimise the difficulty of the situation and he was able to complete his purchase. I know Mr E has said he would want substantial compensation. Having reviewed everything I consider that £150 is fair compensation and in line with what we award in these sorts of circumstances, and I won't be increasing this.

Mr E says he wants to know the reason why his accounts were closed; he doesn't think he has done anything to justify an account closure. NatWest isn't obliged to provide its customers with information regarding the reasons for the closure of their accounts. Mr E has mentioned that he hopes that following the recent publicity the law will change. I appreciate Mr E's point of view. However, I can only take account of the law and regulations at the time the complaint comes to our service. And although there may be plans to change these I cannot comment on these plans or consider how they may impact Mr E's complaint.

My final decision

For the reasons stated above I uphold this complaint. To put things right National Westminster Bank Plc should pay Mr E £150 compensation for the trouble and upset caused by the bank closing his accounts.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 12 October 2023.

Esperanza Fuentes
Ombudsman