

The complaint

K complains that its business bank account and associated overdraft facility was unfairly terminated by National Westminster Bank Plc (NatWest).

What happened

K held a business bank account with NatWest for several years and had an overdraft facility of £7,500. In September 2022 NatWest reviewed K's account and contacted its director, Mr R. K's account was referred to NatWest's Specialist Business Management team to review and discuss with Mr R due the reduced business activity.

At the end of September 2022 NatWest contacted Mr R to say K's overdraft facility would be removed in a month and requested contact to discuss repayment options. Mr R spoke with NatWest and gave some background, explaining why there was a reduced level of activity on the account. NatWest discussed Mr R's circumstances and options but no way forward was found.

At the beginning of October 2022 NatWest requested an income and expenditure assessment from Mr R along with documents showing K's finances and projections for future income. Paper forms were sent to Mr R to complete on 24 October 2022.

Mr R requested an extension to 22 November 2022 to respond which was agreed. But on 23 November 2022 NatWest contacted Mr R again to explain the overdraft would be removed and requested contact.

Further extensions were agreed and on 13 December 2022 Mr R advised he was waiting for information from K's accountant. An overdraft extension was approved by NatWest to end on 1 February 2023 to allow Mr R time to respond. A further extension was agreed by NatWest which ended on 15 February 2023.

On 22 February 2023 NatWest issued a termination notice and request for repayment of the outstanding balance. Mr R spoke with NatWest on 3 March 2023 and NatWest requested the income and expenditure assessment. But NatWest says the required information wasn't provided so on 28 March 2023 a final demand was issued requiring the full overdraft balance to be repaid within seven days. NatWest's letter explained that if the balance wasn't repaid by 5 April 2023 a default would be registered.

NatWest says it received the income and expenditure assessment from Mr R on 10 April 2023. Mr R says the information was supplied around three weeks earlier but not uploaded to his account.

The account was ultimately closed by NatWest and Mr R raised a complaint on K's behalf. NatWest issued a final response but didn't agree it had made an error by terminating K's account. NatWest said it had granted several extensions before closing K's account and said it needed the income and expenditure assessment and supporting documents to check whether the overdraft could be extended. NatWest's final response said no income and expenditure assessment had been supplied by Mr R.

Mr R referred K's complaint to this service and it was passed to an investigator. They said NatWest's final response had incorrectly claimed Mr R had failed to return the income and expenditure assessment. The investigator said NatWest's evidence showed the information had been supplied on 10 April 2023 but, by that point, it was too late to stop it requesting the full balance of K's overdraft. The investigator didn't uphold K's complaint.

Mr R asked to appeal and said he'd had difficulties with K's accountant which impacted his ability to respond to NatWest. Mr R asked to appeal, so his complaint has been passed to me to make 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.

I'm aware I've summarised the events surrounding this complaint in less detail than the parties involved. No discourtesy is intended by my approach which reflects the informal nature of this service. I want to assure all parties I've read and considered everything on file. I'm satisfied I don't need to comment on every point raised to fairly reach my decision. And if I don't comment on something, it's not because I haven't considered it. It's because I've focused on what I think are the key issues. My approach is in line with the rules we operate under.

NatWest says it took the step of reviewing K's business account after the level of activity dropped and a lack of business related credits were made. The review was completed around September 2022 and from that point, NatWest asked Mr R for income and expenditure assessments along with supporting information regarding K's finances. I appreciate Mr R has told us he experienced delays in receiving information from K's accountant and that impacted his ability to respond. But the information as originally requested in October 2022 and NatWest didn't take the step of formally terminating K's account until April 2023, around six months later. I can see NatWest agreed to extend the deadline on several occasions to allow time for the required information to be supplied. And I think that shows NatWest was willing to work with Mr R on K's behalf to see whether it could continue to provide an overdraft facility. I'm sorry to disappoint Mr R but I haven't been persuaded that NatWest acted unfairly in the way it requested information from him about K.

The business account terms and conditions confirm the overdraft facility can be reviewed by NatWest to see whether it can be extended. The terms allow NatWest to ask for further documentation to verify affordability and also say the overdraft is repayable on demand. The terms go on to say that if the overdraft facility isn't extended, NatWest can demand immediate repayment in writing. So whilst I understand Mr R wanted NatWest to extend the overdraft facility, I'm satisfied NatWest's terms allowed it to complete a review and ultimately take a decision to withdraw it and demand repayment.

Mr R has told us that he was able to supply the required information but it wasn't reviewed by NatWest in time to stop the account being terminated. But NatWest's records show the income and expenditure assessment was received on 10 April 2023 and by that time it was too late for the account to avoid closure. I appreciate why Mr R wanted to agree an extension to R's overdraft facility, but I'm satisfied NatWest provided fair opportunity for the required information to be supplied before taking the step of terminating the account and overdraft facility. As NatWest wasn't able to complete the necessary review, despite providing several extensions, I'm also satisfied it was reasonable for it to terminate K's account and overdraft facility.

Mr R has queried how the closure of K's business account will impact his credit. We've been given a copy of Mr R's credit file and K's business account isn't shown. The business account was set up in the name of K, a limited company. So it doesn't show on Mr R's personal credit file.

I'm very sorry to disappoint Mr R but as I'm satisfied NatWest allowed reasonable time for the information it needed to be supplied before taking the step of terminating K's business account and overdraft facility I haven't been persuaded it acted unfairly. As a result, I'm not upholding K's complaint.

My final decision

My decision is that I don't uphold K's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask K to accept or reject my decision before 27 September 2023.

Marco Manente
Ombudsman