

The complaint

G a limited company complains that National Westminster Bank Plc (NatWest) unfairly closed its bank accounts which led to loss of business and inconvenience.

G's complaint has been brought to our service by its director, Mr K.

What happened

The detailed background of this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

G had two business current accounts with NatWest. G also had a two loan accounts, including a bounce back loan (BBL). In November 2022, NatWest reviewed G's accounts and wrote to Mr K asking him to provide information about how he'd used the BBL he'd been granted and for some information about transactions that had taken place in 2020. NatWest told Mr K that he'd have until 12 January 2023 to provide the information.

On 14 December 2022, NatWest sent Mr K a chaser for the information it had asked him to provide. The bank said that if Mr K didn't provide the information G's accounts might be restricted. On 23 December 2022, NatWest wrote to Mr K to let him know that following a review it had decided to close G's accounts, giving him 60 days' notice that he'd need to make other banking arrangements for his business.

Mr K says he was shocked and confused when he received the closure letter as he believed he still had a couple of more weeks to provide the information NatWest wanted. So, he contacted NatWest to try and find out what was happening. He told the bank that he was unhappy G's accounts were going to be closed because he hadn't yet provided the information. He explained that he had a number of businesses which carried out thousands of transactions so finding specific information relating to historical transactions wasn't easy. In response, NatWest said it had decided to close G's accounts following a review, so it wasn't anything to do with information Mr K hadn't provided.

Mr K complained to NatWest. In response NatWest said it hadn't done anything wrong and was complying with its legal and regulatory obligations when it had reviewed G's accounts. NatWest also said that the accounts had been closed in line with the account terms and conditions.

Unhappy with this response, Mr K brought G's complaint to our service where an investigator considered it. Mr K said that the closure of the accounts had led to loss of business, and he had to go to the trouble of opening new banks accounts, setting up direct debits and reorganising G's financial commitments, all of which was stressful and inconvenient. The investigator asked NatWest to provide more information about why it had decided to close G's accounts. But NatWest said it couldn't provide anything more than it had already provided to us. The bank maintained that it hadn't treated G unfairly when it had closed its accounts.

After looking at everything, the investigator said based on the limited information the bank had provided, he couldn't say the bank had treated G fairly when it had closed the accounts. So, he said NatWest should pay G £100 compensation, for the inconvenience the closures had caused. Mr K said he'd accept the outcome if the accounts were also reopened.

In response to the investigator's view NatWest provided more information about the reasons it closed G's accounts. The investigator looked at everything again and said that NatWest hadn't treated G unfairly. Mr K disagreed. He wants to know why NatWest closed G's accounts and wants the bank to reopen them.

As no agreement could be reached 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.

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 K, but I'd like to reassure him that I have considered everything.

I'll start by setting out some context for why NatWest reviewed G's accounts. NatWest are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. They can broadly be summarised as a responsibility to protect persons from financial harm, and to prevent and detect financial crime. They're also required to carry out ongoing monitoring of new and existing relationships. They may need to review activity taking place on accounts and ask customers for information, for example about payments, and information about the individuals operating the accounts – it's entitled and obliged to carry out such checks.

Following a review, banks and financial businesses sometimes decide to close an account. Each financial institution has its own criteria and risk assessment for deciding whether to continue providing accounts and providing an account to a customer is a commercial decision that a financial institution is entitled to take. That's because it has the commercial freedom to decide who it wants as a customer.

Banks are entitled to end their business relationship with a customer, as long as this is done fairly, doesn't breach law or regulations and is in keeping with the terms and conditions. And unless there's a good reason to do so, this service won't usually say that a bank must keep a customer. But they shouldn't decline to continue to provide an account without proper reason, for instance of unfair bias or unlawful discrimination. And they must treat new and existing customers fairly.

The terms and conditions of G's accounts say that in certain instances NatWest can close accounts with immediate notice and by providing 60 days' notice. NatWest wrote to Mr K in December 2022, giving G the full notice period that it was closing its accounts and that he'd need to make alternative banking arrangements. This can be due to a number of reasons and a bank isn't obliged to give a reason to the customer. Just the same as if G decided to stop banking with NatWest, Mr K wouldn't have to explain why. Based on what NatWest has shared with this service, I'm satisfied their actions were reasonable in the circumstances.

And the bank's decision to stop providing G with banking facilities was reached legitimately and fairly. So, I won't be asking NatWest to reopen G's accounts.

I understand of course why Mr K wants to know the exact reasons behind NatWest's decision to close G's accounts. And I can see that Mr K has asked NatWest to explain itself on several occasions. But NatWest doesn't disclose to its customers what triggers a review of their accounts. And it's under no obligation to tell Mr K the reasons behind the account review and closure, as much as he'd like to know. So, I can't say it's done anything wrong by not giving Mr K this information. And it wouldn't be appropriate for me to require it to do so.

Finally, Mr K says he was confused and shocked when he received NatWest's letter about closing G's accounts, because when he got it, he was still under the impression he had at least a few weeks to submit the information NatWest had requested. So, he says it's unfair the bank closed G's accounts because he didn't provide the information.

I can understand why Mr K was confused and shocked by NatWest's decision - one letter asked him to send information and then he received another that said the bank was closing the accounts. But I can see that the letter NatWest sent to him about closing G's accounts clearly stated that the bank had decided to close G's accounts following a review – it didn't mention anything to do with a failure to provide any information on Mr K's part as the reason it didn't want G as a customer. I've also seen an email dated 10 January 2023, that NatWest sent to Mr K which clarified this further. So, I'm satisfied that the reason NatWest closed G's accounts wasn't because of something Mr K hadn't done. And that this was clearly communicated to Mr K in the correspondence NatWest sent to him.

In summary, based on the evidence I've seen, I can't say NatWest has acted unreasonably and treated G unfairly when it closed its accounts. So, I won't be asking NatWest to do anything more to resolve G's complaint.

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 G to accept or reject my decision before 20 January 2024.

Sharon Kerrison
Ombudsman