

The complaint

Mr J complains that National Westminster Bank Plc unfairly blocked and closed his accounts without providing an explanation or warning. Mr J says this caused him unnecessary inconvenience and worry for which he should be compensated.

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.

Mr J was a long standing customer of NatWest. He had four accounts which he has explained had a number of direct debit payments set up on it to pay his bills, and loan repayments. Mr J has told us that he works abroad and uses his accounts to make payments to his children and receive his wages.

In November 2022, NatWest blocked and reviewed Mr J's accounts. This meant Mr J wasn't able to access the money in his accounts. The accounts were blocked between 4 and 10 November 2022. Following this, on 21 November 2022, NatWest decided to close Mr J's accounts and wrote to him giving him 60 days' notice to make alternative banking arrangements.

Mr J complained to NatWest. He said he hadn't done anything wrong regarding how he used his accounts and had always maintained them properly. So, he said the bank had no good reason to block and close his accounts. He said he had previously told the bank that he was working overseas, and that he was earning more than he did when working in the UK and doing double shifts which was why more money was coming into the account. He said all the money in his account was legitimate earnings and that NatWest's actions had made him feel like a criminal.

In response, NatWest wouldn't give him much information. It said it had blocked and closed his accounts in line with the account terms and conditions and its regulatory obligations. NatWest also said it wasn't obliged to provide Mr J with an explanation behind the block and closure. So, it didn't uphold Mr J's complaint.

Unhappy with this response, Mr J brought his complaint to our service where one of our investigators looked into what had happened. Mr J told us that he'd been a good customer of the bank since 2009. He said the accounts were his main accounts and NatWest's actions had caused him a lot of stress and worry – especially as he had around £14,000 in the accounts and his children relied on him sending money to them for everyday expenses. He said he had to borrow money from friends which was upsetting and embarrassing. Mr J says all the money in his accounts was from his overseas job, which was well paid. He provided copies of his wage slips as evidence to support what he said about the source of funds.

The investigator asked NatWest to provide more information about why it had blocked and closed Mr J'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 Mr J unfairly when it had

blocked and closed his accounts. It also pointed out that during the notice period Mr J had full access to his accounts, so he could have withdrawn his funds during this time.

The investigator said based on the limited information the bank had provided, he couldn't say the bank had treated Mr J fairly when it had blocked and closed his accounts. So, he said NatWest should pay Mr J £100 compensation for any trouble and upset the block and closure of his accounts had caused him. NatWest accepted what the investigator said. Mr J didn't. He said that £100 compensation isn't enough for the amount of trouble and upset he has suffered. He said he hasn't done anything wrong and wants to know why NatWest blocked and closed his accounts – especially as he'd previously told the bank everything it needed to know about how he was using his accounts.

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.

NatWest have important legal and regulatory obligations they must meet when providing accounts to customers. They can broadly be summarised as a responsibility to protect persons from financial harm, and to prevent and detect financial crime. It's common industry practice for firms to restrict access to an account to conduct a review on a customer and/or the activity on an account. The terms of the account also permit NatWest to block an account. This means NatWest is entitled to block and review an account at any time.

Banks are also 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. In this instance the terms of Mr J's accounts say that in certain instances NatWest can close the accounts with immediate notice and by providing 60 days' notice to a customer. And it doesn't have to provide a reason for doing so.

NatWest wrote to Mr J in November 2022, giving him 60 days' notice that it was closing his accounts and that he'd need to make alternative banking arrangements.

I understand Mr J wants NatWest to explain the reason it blocked and closed his accounts. It can't be pleasant being told you are no longer wanted as a customer – especially after being a customer of NatWest for as long as Mr J had. But NatWest doesn't disclose to its customers what triggers a review of their accounts to its customers. It's under no obligation to tell Mr J the reasons behind the account review and block, as much as he'd like to know. It's also under no obligation to provide Mr J with the reasons it no longer wants him as a customer. So, I can't say it's done anything wrong by not giving Mr J this information. And it wouldn't be appropriate for me to require it do so.

Banks are entitled to decide for themselves whether to do business or continue doing business with a customer. 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. 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 open an account without proper reason, for instance of unfair bias or unlawful discrimination. And they must treat new and existing customers fairly.

NatWest can only close accounts in certain circumstances and if it's in the terms and conditions of the account. NatWest have relied on the terms and conditions when closing

Mr J's accounts. The terms explain that the bank can close the account with notice. However, NatWest still needs to provide information to this service so we can fairly decide a complaint. Despite being asked by the investigator, NatWest has failed to provide information about why it no longer wanted Mr J as a customer and blocked his accounts.

I've considered what NatWest has said about why it won't provide further information to our service about the reasons it closed Mr J's accounts. This service has the power to request evidence of this nature under the dispute resolution rules (DISP) and I'm not persuaded the reasons given by NatWest exclude it from complying with these rules. So, in this particular case, because of the lack of information I can't be satisfied that NatWest has treated Mr J fairly when it blocked and closed his accounts. Taking this into account, like the investigator, I agree that NatWest should pay Mr J compensation for the trouble and upset caused by blocking and closing his accounts.

NatWest agreed to pay £100 as recommended by the investigator. Having considered what Mr J has told us about how the block and closure of his accounts impacted him, I've no doubt this was a worrying and upsetting time for him. He also had to go to the trouble of opening new bank accounts and borrow money from others to pay for everyday living costs whilst his accounts were blocked for six days. But having looked at all the evidence and circumstances of this complaint, I haven't found grounds to increase the level of compensation. I'm satisfied that £100 compensation is a fair amount of compensation and proportionate to the trouble and upset Mr J was caused. So, while Mr J may disagree with me, I won't be asking NatWest to do anything else to resolve this complaint.

My final decision

For the reasons I've explained I uphold this complaint. To put things right National Westminster Bank Plc should:

- Pay Mr J £100 compensation for the trouble and upset caused by the bank blocking and closing his accounts

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 18 December 2023.

Sharon Kerrison
Ombudsman