

## **The complaint**

Mr O complains National Westminster Bank Plc (“NatWest”) restricted his account in April 2022 without explanation – and then closed it. He says this has caused distress and inconvenience, financial loss and impact to his credit file.

## **What happened**

This complaint only deals with Mr O’s sole named current account. Mr O’s complaint about a joint account he had with someone else is being handled under separate complaint reference number at this service.

On 29 April 2022, NatWest blocked Mr O’s account. The restriction was removed on 12 May 2022. Mr O complained to NatWest.

In its responses, NatWest said it had taken this action in line with its regulatory obligations and terms of account. And it doesn’t have to provide an explanation for doing so. NatWest accepted it had provided poor customer service and apologised.

On 1 September 2022, NatWest told Mr O that all his accounts, including the joint one, would be closed on 31 October 2022. NatWest gave him two months’ notice.

Mr O has made several points about how NatWest’s actions have impacted him. It’s not straight forward to separate this from his other complaint, but some of the main points which are relevant to this complaint are:

- He missed some payments which NatWest have charged him for, and has affected his credit rating
- He has a young child, and he was unable to provide food for them due to not having any access to funds
- Mr O has had to lie that he was unwell as he couldn’t afford petrol or to pay for client lunches. He’s also had to take out high-cost loans as his credit score was impacted

One of our Investigator’s looked into Mr O’s complaint. In relation to this complaint, they said the block was applied in line with the terms of the account, and regulatory obligations NatWest must meet. The review and block were done correctly and without delay. So NatWest did nothing wrong, and so it doesn’t need to do anything to put things right.

Mr O did not agree with what our Investigator said. So the complaint was passed to me to decide. I then sent both parties my first provisional decision on this complaint. For ease of reference, here is what I said I was planning to decide:

### *First provisional decision – sent October 2023*

*“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'm planning on upholding this complaint. I'll explain why.*

*Banks in the UK, like NatWest, are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. They are also required to carry out ongoing monitoring of an existing business relationship. That sometimes means banks need to restrict, or in some cases go as far as closing, customers' accounts.*

*When carrying out such a review banks are under no obligation, that I'm aware of, to explain why it has taken the action it has. This includes when restricting an account. But if a complaint about it is referred to this service, then NatWest should show us what those reasons are and the evidence it has. That way we can determine if NatWest has acted in line with its obligations and done so fairly and reasonably.*

*Despite several requests to NatWest to give us the information we need to decide this complaint, it has failed to do so. That means I don't have enough information to conclude NatWest applied the restrictions fairly and in line with its obligations.*

*So, to be clear, based on the limited information I have, I find that NatWest did not act fairly when restricting Mr O's bank account.*

*Mr O only complained about his account being closed more recently. Broadly speaking, NatWest is entitled to close an account just as a customer may close an account with it. But before NatWest closes an account, it must do so in a way, which complies with the terms and conditions of the account.*

*The terms and conditions of the account, which NatWest and Mr O had to comply with, say that it could close the account by giving him at least two months' notice. And in certain circumstances it can close an account immediately or with less notice.*

*NatWest gave Mr O two months' notice to close his account. But it hasn't explained to this service why it did so – nor has it provided any supporting evidence. So I can't say it acted fairly when closing the account.*

*This brings me onto what I think NatWest needs to do to put things right given I'm currently minded on deciding it hasn't shown its actions were fair, and in line with its obligations.*

*I've looked through Mr O's bank statements and it appears its used mainly as an expenses account and the credits into it are mainly from himself, friends and family. I also note that some regular payments to certain creditors are made from it. I can't see any wages or salary payments. So because of that I'm persuaded it wasn't Mr O's main account.*

*As Mr O had no access to this account from 29 April 2022 till 12 May 2022, and NatWest hasn't shown it has reason enough to restrict it, I'm satisfied that any charges applied by it during this period should be refunded. I also think Mr O has been deprived of his funds, so NatWest should pay 8% simple interest on them for the period of the block.*

*If Mr O can show NatWest clear evidence of being charged any late fees by creditors who he had regular payments set-up from this account, NatWest should refund any such charges.*

*As I said, I'm satisfied this wasn't Mr O's main account. So I think the impact to not having access to it is somewhat mitigated here. But Mr O says he wasn't able to put petrol in his car and had to lie about not being well to attend work due to not having access to his funds.*

*Given this account appears to be used mainly for expenses, I'm persuaded it being blocked has some impact on Mr O. I'm satisfied £150 is fair compensation for the distress,*

*inconvenience and embarrassment NatWest's actions caused Mr O.*

*Its possible Mr O missed payments to his creditors during this time for regular payments he had set-up. This may have affected his credit rating. So, to put things right, I think NatWest should give him a letter explaining that it unfairly caused payments to be missed from this account from 29 April 2022 until 12 May 2022"*

I then set-out what NatWest should do to put things right. This included paying 8% simple interest for the period Mr O was deprived access to his funds, refund of fees and charges applied during the restriction, charges from third parties for failed direct debits/standing orders and £150 compensation for the distress and inconvenience caused. I also said NatWest should send Mr O a letter saying its error caused Mr O to miss payments from 29 April 2022 until 12 May 2022.

I then asked both parties to send me any further comments and evidence for me to consider before I reach my decision. NatWest sent me new information to consider, and after considering this I sent both parties another provisional decision in November 2023. In this provisional decision, I said I was now planning to not uphold Mr O's complaint. For ease of reference, here is what I said:

*Second provisional decision – sent November 2023*

*"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'm now planning on not upholding this complaint. I know this is a different outcome to that which I was planning on reaching in my previous provisional decision. So, I'll explain why.*

*Banks in the UK, like NatWest, are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. They are also required to carry out ongoing monitoring of an existing business relationship. That sometimes means banks need to restrict, or in some cases go as far as closing, customers' accounts.*

*I know Mr O would like an explanation. But NatWest are under no obligation, that I'm aware of, to do so. I'd also add 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 consider should be kept confidential.*

*NatWest is entitled to close an account just as a customer may close an account with it. But before NatWest closes an account, it must do so in a way, which complies with the terms and conditions of the account.*

*The terms and conditions of the account, which NatWest and Mr O had to comply with, say that it could close the account by giving them at least two months' notice. And in certain circumstances it can close an account immediately or with less notice.*

*Having looked at the information given to me by NatWest, I'm satisfied it was entitled to close the account in the way that it has done.*

*In my previous decision, I'd said based on the limited information I had, that the complaint should be upheld. And because of that I thought NatWest needed to compensate Mr O for the deprivation of funds, distress, inconvenience and refund any fees including failed payment one's. I also said NatWest should give Mr O a letter that enables him to show his*

*creditors that any failed payments, and adverse credit because of that, was because of NatWest's errors.*

*But having looked at the new evidence presented to me, and given I think Barclays acted in line with its obligations and terms of account when restricting and closing the account, I can see no basis on which I might make an award against NatWest.*

*So I'm not going to ask NatWest to compensate Mr O for any trouble and upset this may have caused. Nor for being deprived of his funds, and any fees to be refunded to him. It follows I won't also be asking it to send a letter that it had made an error given I no longer think it did"*

I then set a deadline for both parties to make any new submissions for me to consider before I decide this complaint. NatWest said it had nothing further to add. Mr O hasn't responded. As the deadline for responses has passed, I will now decide this complaint.

### **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've decided not to uphold this complaint. The reasons for doing so are contained in my latest, and second provisional decision sent in November 2023 – as above.

But for simplicity and to avoid any confusion, here's a summary of my key findings:

- NatWest restricted Mr O's account in line with its legal and regulatory obligations
- NatWest is under no obligation to explain why it took the actions it did
- NatWest was entitled to close Mr O's account in the way it did, and did so in line with the terms of the account
- As NatWest didn't do anything wrong, I see no basis for it to pay Mr O compensation for the financial loss, distress and inconvenience he says he suffered. Nor does NatWest need to give Mr O a letter for his creditors to show it made errors

### **My final decision**

For the reasons above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 15 January 2024.

Ketan Nagla  
**Ombudsman**