

The complaint

Mr M complains that National Westminster Bank Plc gave him notice that it was closing his account, but did not do so for nearly two years. In that time, his overdraft increased, but the bank did not contact him and did not provide any assistance with its repayment.

What happened

In April 2021 Mr M says that he was told in the bank's branch that it would be closing his account with immediate effect. He recalls that he asked about his overdraft of around £900, but that the bank refused to discuss it – or the reasons for closure. His access to online banking and to NatWest banking app were removed, but his account remained open.

Mr M says that he tried to discuss matters with the bank, but again it refused to discuss the situation with him. In autumn 2022, however, Mr M received a demand for repayment of the overdraft, which by this point had risen to some £2,500. Mr M complained.

NatWest reviewed what had happened. It said that it should not have applied interest and charges after it had given notice of closure of the account. It refunded more than £800. It also said that direct debits should have been stopped, so it agreed to refund direct debit payments as well – over £700. Once those amounts had been refunded, the overdrawn balance on the account was £833.66, a little less than it had been in April 2021.

At around the same time the refunds were made (in January 2023), NatWest says it issued a default notice – requiring payment of the overdraft. Mr M did not repay the overdraft and a default marker was applied at the end of February 2023.

Mr M subsequently set up a payment plan with a collection agency employed by NatWest, but he is unhappy that a default has been registered against his name.

He referred his complaint to this service, where one of our investigators considered what had happened. He did not however recommend that the complaint be upheld. Mr M did not accept the investigator's assessment and asked that an ombudsman review the case.

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 have reached the same overall conclusions as the investigator, and for broadly the same reasons.

I shall deal first with the decision to close the account. Generally, it is for banks to decide whether to offer or to continue to offer banking services to a customer. This service won't generally intervene in such decisions, as long as they are made for legitimate reasons. I am satisfied that NatWest's decision in this case was made for legitimate reasons.

Mr M says that he was not given written notice of closure. NatWest says that he was and, whilst it has not been able to provide a copy of the notice of closure, it has provided

evidence that a letter was sent, and a template letter. Be that as it may, Mr M says he was told in branch that his account would be closed, so he can have been in no doubt about the bank's intentions. And he says too that he tried to discuss the overdraft, so he must have known too that he owed the bank money.

Mr M says that he has been disadvantaged because NatWest would not discuss repayment of the overdraft. The bank disputes that, although until around November 2022, its attempts to contact him appear to have been unsuccessful.

Be that as it may, Mr M knew that he had an outstanding overdraft balance. He knew too that it must have been increasing, since direct debit payments were still being made. (Even if he did not have online or mobile access to the account, payees would have told him they were collecting payments from the account.) I do not believe there was any reason why, if he had wanted to make payments and had the funds to do so, he could not have reduced or repaid the overdraft – whether or not the account had been operational.

Mr M says that he was unwilling to repay the overdraft while the amount owed was still in dispute. I can understand why that might be, although he seems to accept that something was owing, since the account had been overdrawn in April 2021. But in any event, the second refund was made on or about 19 January 2023, but no default marker was applied until 28 February 2023. Mr M did not repay the overdraft in that time. He later arranged a repayment programme, indicating to me that he could not repay it immediately in any event.

In the circumstances, I do not believe it was unreasonable of NatWest to register the default when it did. I acknowledge that it will have adverse consequences for Mr M, but I do not believe he has been treated unfairly.

My final decision

For these reasons, my final decision is that I do not uphold Mr M's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 12 June 2024.

Mike Ingram

Ombudsman