

The complaint

Mr J complains that National Westminster Bank Plc unfairly closed his account, before deciding to reopen it. He'd like compensation.

What happened

Mr J holds an account with NatWest. In July 2022 he received a payment of £1,000 in to the account. NatWest blocked the account and asked him to explain what the payment was for. Unhappy with the answer they wrote to him to tell him they'd be closing the account. His debit card was cancelled, and online access removed.

Unhappy with this Mr J complained. NatWest looked at the issue again and agreed to reinstate Mr J's account and issue him with a new debit card. But Mr J remained dissatisfied and referred his complaint to our service. He said he has lost out on a purchase he wanted to make, which was cheaper at the time. He felt he should be compensated as he was ill and vulnerable.

Our investigator thought the complaint should succeed. They said NatWest hadn't demonstrated it was fair for them to close the account in the first place. They suggested NatWest pay Mr J £100 compensation for the inconvenience.

NatWest accepted this as an outcome. However, Mr J disagreed. As no agreement could be reached the complaint has been passed 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.

Firstly, it's right to say that NatWest, like all financial businesses in the UK, have legal and regulatory obligations to meet when providing accounts to consumers. These obligations mean that sometimes they will need to review a consumer's accounts and ask further questions about the way an account is being used. There is provision for this in the terms of Mr J's account.

Banks also have the right to decide they no longer wish to provide banking services to consumers – just as consumers have the right to close their bank account. This can generally be any reasonable reason, so long as they follow the terms of the account. In this case NatWest decided to close Mr J's account immediately. The terms say this can only be done in very specific circumstances. And I'm not persuaded these circumstances apply here. So, I'm satisfied that it was unreasonable for NatWest to close off Mr J's account in the manner they did.

I'm pleased to see that NatWest reversed this decision. But I can appreciate the original closure will have been frustrating and inconvenient for Mr J. So, I think it's appropriate for NatWest to compensate him to reflect this.

Considering the impact, I can see the account with NatWest was little used before this – the only balance is the £1,000 paid in. Mr J has said he needed this money for food and bills – but I can't see any payments for this nature on the account. Once the account was restored there weren't any further transactions until January 2023, which does suggest to me this wasn't Mr J's main account.

I also note Mr J has variously said the transfer was for a purchase and for an investment. He's not given a clear indication of what the funds were to be used for.

But I accept he is a vulnerable individual, and NatWest should have taken more care before deciding to close his account. It was only closed for a short while, but it's clear that this has been inconvenient to him.

On that basis I'm satisfied an award of £100 fairly reflects both the inconvenience caused by the unreasonable closure of his account, and the time he was without his funds.

My final decision

My final decision is that National Westminster Bank Plc must pay Mr J £100.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 24 November 2023.

Thom Bennett
Ombudsman