

The complaint

Mr A complains that National Westminster Bank Plc unfairly blocked and closed his bank account. He says this caused him a lot of financial problems and upset. He wants NatWest to pay him compensation and provide an explanation for its actions.

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 A was a long standing customer of NatWest. He had a current account which he has explained had a number of direct debit payments set up on it to pay his bills, mortgage, and loan repayments.

In July 2022, NatWest blocked and reviewed Mr A's account. This meant Mr A wasn't able to access the money in his account and some direct debits weren't paid. The account was blocked between 11 and 18 July 2022. Following this, in August 2022, NatWest decided to close Mr A's account and wrote to him giving him 60 days' notice to make alternative banking arrangements. The account was closed in October 2022.

As a result of the block Mr A missed three direct debit payments, including a loan repayment and his regular payment to a utility company. Mr A made several phone calls and sent emails to NatWest whilst the account was blocked seeking an explanation for the bank's actions. He said NatWest wouldn't provide him with much information and didn't call him back when promised. Mr A has explained that because of NatWest's actions he suffered sleepless nights and became depressed over the situation. He strongly believes that NatWest should have warned him that it was restricting his account. He said he had never missed a payment in over 35 years and NatWest's actions have impacted his credit file negatively. He's also upset that NatWest stopped him using the account switching service to set up another account with a different bank.

In response to Mr A's complaint NatWest said it was complying with its legal and regulatory obligations when it had blocked Mr A's account. And that it had closed the account in line with the terms and conditions. It acknowledged that at times it didn't provide the best service in response to Mr A's calls and apologised. NatWest also refunded charges associated with Mr A's missed direct debit payments.

Unhappy with this response, Mr A brought his complaint to our service where an investigator considered it. The investigator asked NatWest to provide more information about why it had blocked and then closed Mr A's account. NatWest gave us some information but said it couldn't provide anything more than it had already provided to us. But overall, the bank said it was complying with its legal obligations and hadn't done anything wrong in doing what it did.

The investigator said that based on the limited information the bank had provided, he couldn't say the bank had treated Mr A fairly when it had blocked and closed his account. So, he said that NatWest should pay Mr A £150 compensation for the trouble and upset this

had caused him. Mr A disagreed and said that the amount of compensation offered doesn't adequately reflect the amount of trouble and upset he suffered. He also wants NatWest to explain why it did what it did.

In response to the investigator's view NatWest provided more information about the reasons it blocked and closed Mr A's account.

As no agreement could be reached the matter came to me to decide.

After reviewing all the evidence, I came to a different conclusion to the investigator and issued a provisional decision which said the following:

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

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. That sometimes means they need to restrict customers' accounts – either in full or partially while they carry out their review. 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.

I understand that Mr A wants NatWest to explain the reason it blocked his account. I can appreciate that he would have been frustrated and upset that when he spoke to NatWest, he wasn't able to find out much at all about why the bank had decided to block his account. But NatWest is under no obligation to tell Mr A the reasons behind the account block, as much as he'd like to know. It's also under no obligation to warn Mr A that it was restricting his account before placing a block on the account. So, I can't say it's done anything wrong or treated Mr A unfairly by not giving him this information or warning as he would have liked.

I can see that the block on his account meant three direct debits weren't paid. I appreciate because of this Mr A is worried about his credit file and is concerned that it will be harder for him to apply for a mortgage in the future. Whilst I accept what Mr A says and understand his concerns, I haven't seen any evidence that NatWest blocking his account led to Mr A's credit file being damaged. I've not seen anything to show that he couldn't apply for another account. In fact, I note that Mr A was able to open another account quite quickly with another bank. If Mr A's credit file was impacted by NatWest's actions, I would have expected Mr A may have had trouble doing this – but that's not the case. I note too that as a gesture of goodwill NatWest has refunded the charges associated with the unpaid direct debits, which I think is fair and reasonable.

Having looked at all the evidence, including the information NatWest has now provided this service, I don't believe it was unreasonable in the circumstances for NatWest to block Mr A's account. NatWest has explained that this was its standard procedure, and I accept that it was. I'm also satisfied that in doing so NatWest were complying with its legal and regulatory obligations. So, whilst I accept, the bank's actions caused Mr A inconvenience and upset when it blocked his account, I can't say the bank did anything wrong and treated him unfairly in doing so.

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. 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. In this instance the terms of Mr A's account say that in certain instances NatWest can close accounts with immediate notice and by providing 60 days' notice. NatWest wrote to Mr A in August 2022, giving him the full notice period that it was closing his account 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 Mr A decided to stop banking with NatWest, he 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 Mr A with banking facilities was reached legitimately and fairly. So, it wouldn't be appropriate to award Mr A any compensation since I don't find NatWest acted inappropriately when it blocked and closed his account.

Mr A says when NatWest let him know it was closing his account, he tried to transfer his NatWest account to another bank using the account switching service, but NatWest stopped it. I understand that this would have been inconvenient for Mr A. While I can see that he was able to open another account, I appreciate that manually switching over numerous direct debits and standing orders would have been time consuming. But from looking at NatWest's Current Account Switch Guide, it says that the switch service can be stopped or suspended. Having looked at all the evidence, I'm satisfied that NatWest didn't do anything wrong when it stopped Mr A's switch process and did so in line with its guidelines.

Communication

Mr A says he made numerous phone calls to NatWest to try and find out what was happening to his account. He says that when he spoke to advisors, they promised to call him back but then didn't, which was frustrating and upsetting. I can see that NatWest wrote to Mr A on 26 July 2022, explaining that it had blocked his account in line with the terms and conditions. In the letter NatWest accepted that the service it provided to Mr A when he called the bank to try and find out what was happening with his account fell short. And that is shouldn't have told Mr A that it would call him back. NatWest apologised for this, and I think this is a fair and reasonable way to resolve this aspect of Mr A's complaint. So, I won't be asking the bank to do anything further.

In summary, it's clearly caused Mr A trouble and upset when he wasn't able to use his account and NatWest closed his account. So, I realise he will be disappointed by my decision. But having looked at all the evidence and circumstances of this complaint, I can't say NatWest treated Mr A unfairly when it blocked and closed his account. So, I won't be asking NatWest to do anything more to resolve Mr A's complaint.

NatWest accepted my provisional decision. Mr A didn't and responded with a number of points. In summary he said:

- he wants to know why NatWest closed his account and feels NatWest has treated him like a criminal
- NatWest didn't tell him it had blocked his accounts and his direct debits would be impacted
- NatWest lied to Mr A when it sent him a letter saying he didn't have enough money in his account to meet his direct debit commitments, which wasn't right as he had more

than enough money in his account. NatWest then realised their mistake and refunded the charges he incurred due to the bounced direct debit payments

- It was very stressful to manually set up direct debits after NatWest stopped him using the account switching service
- His mortgage payment was blocked which caused him a lot of problems with his mortgage provider

Now both sides have had an opportunity to comment I can go ahead and issue my final decision.

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.

In response to the provisional decision, Mr A has raised a number of concerns, which I'll now address below.

As I've already set out in my provisional decision NatWest are under no obligation to provide Mr A with an explanation for why it blocked and then closed his account. NatWest is also under no obligation to give Mr A prior warning that it intended to review his account. Having looked at all the evidence, I'm satisfied that NatWest has acted in line with the terms and conditions and were complying with its legal and regulatory obligations when it blocked and closed Mr A's account. So, I can't say it has acted unfairly.

NatWest has acknowledged that the service it provided at times to Mr A fell short – to put things right it has refunded the charges Mr A incurred as a result of three missed direct debits for sending him a letter saying he didn't have enough money in his account to meet his direct debits. And it has apologised for not returning a call. I think this is fair and reasonable, so I won't be asking NatWest to do anything more.

In summary, I appreciate that Mr A will be disappointed by my decision, and I accept that Mr A was upset and inconvenienced by NatWest's actions, but I see no reason to depart from my provisional findings. I remain of the view that this complaint should not be upheld for the reasons set out in my provisional decision, which are repeated above and form part of this decision.

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 Mr A to accept or reject my decision before 15 January 2024.

Sharon Kerrison
Ombudsman