

## **The complaint**

Mr D complains that National Westminster Bank Plc blocked and then closed his account. He complains too about the way it handled the closure.

## **What happened**

In January 2023 Mr D received a payment of £325 into his account with NatWest. In October 2023 the payment was queried. Mr D acknowledged that he did not recognise it and agreed that it could be returned to sender.

NatWest restricted Mr D's account while it made further enquiries. The account remained blocked for 13 working days. The bank lifted the restrictions on 24 October, but the following day gave Mr D notice that it was closing the account. In the meantime, it said, all direct debits and standing orders would be cancelled. Mr D would be able to make some withdrawals in branch, but he would not have full use of the account.

Mr D complained to NatWest and contacted his MP about what it had done. She was told that the account would be closed after 45 days; at around the same time, however, Mr D was told that it would remain open for only 14 days.

Mr D also provided evidence that he had been a victim of attempted identity theft. Someone had opened a savings account with a different provider (not NatWest), using his details. That account was closed before it could be used.

Mr D provided instructions to transfer funds remaining in the account. He says he was told that the payment could be split. This was necessary because one of his "target" accounts had a limit which was below the total amount he needed to transfer. In the event, the payment was not split, so he had to make different arrangements.

Having been told that direct debits and standing orders would not be honoured, Mr D made arrangements for his mortgage (due on 30 October 2023) to be paid. But the direct debit was in fact taken and then returned. Concerned that something similar might happen with school fees due in the middle of November 2023, Mr D arranged a manual payment. The fees were however paid from his account in the usual way. The additional payment was not returned, but the school instead applied it against the December payment when it fell due.

Mr D referred the matter to this service, where one of our investigators considered what had happened. She indicated that she was not minded to uphold the complaint. Mr D did not agree, and so the investigator put some further questions to the bank. NatWest then said it would offer Mr D £200 by way of compensation, a sum which the investigator thought was reasonable. Mr D did not accept the offer or the investigator's assessment that it was reasonable 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.

I shall deal first of all with the bank's decision to restrict and then close the account. In the circumstances, I think that decision was a reasonable one to take. It is primarily for banks to decide whether to retain customers, and I can see why it felt the need to review the account, restrict it while that review was completed, and then to close it.

Mr D explained that some of the payments he was asked about had come from his partner's account. There is some evidence to support that, but very little to show their actual origin.

I agree with the investigator that the review was carried out within a reasonable timescale and without undue delay.

I can see that there was some confusion about the exact timing of the account closure. Mr D and his MP were given different timescales. Overall, however, I do not believe that this resulted in any significant inconvenience, over and above that caused by the closure itself.

I make the same observation in respect of the payment of the mortgage and school fees. It is likely that the direct debit process had already begun when the bank decided to close the account, since the mortgage payment was due just a few days later. And, whilst there was an overpayment of school fees, that was applied against the next month's payment in any event; there is no reason to think the school would not have agreed to a refund if Mr D had asked for one.

As far as the payment is concerned, I have found no evidence that Mr D was told the payment could be split. In any event, I think it was for him to satisfy himself that the receiving account was suitable.

For these reasons, I agree that the bank's settlement offer is fair and reasonable in all the circumstances. I will however make a formal award, so that Mr D can enforce it, should he need to do so.

### **My final decision**

For these reasons, my final decision is that, to resolve Mr D's complaint in full, National Westminster Bank Plc should pay him £200.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 26 July 2024.

Mike Ingram  
**Ombudsman**