

The complaint

L complains that National Westminster Bank Plc has treated it unfairly when it carried out a review of its accounts and blocked them. The bank's actions and poor communication had a negative impact on L.

L a limited company is represented by Mrs L in this complaint.

What happened

In April 2022 NatWest contacted L to explain it needed to undertake a Customer Due Diligence review (CDD). This involved reviewing the business profile and gathering information to ensure NatWest had satisfied its regulatory requirements. NatWest sent letters and emails to L about the information it needed on 25 May 2022 and 24 June 2022. Text messages were also sent on 1 June 2022 and 1 June 2022. The correspondence explained that if the necessary responses weren't received by 24 July 2022, the accounts would be restricted. NatWest also made calls on 4 July 2024, 18 July 2022 and 25 July 2022 to try and explain the situation.

As the information requested wasn't received, NatWest sent L a restriction notice on 25 July 2022 and the accounts were blocked on 27 July 2022. This resulted in all activity on the account being frozen, with no credits, debits or regular payments allowed to occur. Mrs L contacted NatWest on 29 September 2022 and completed the initial step of the business profile review. The accounts remained blocked as the next step needed completing, and the requirements were met on 3 November 2022 when the account was unblocked. At this stage NatWest explained that it had all the information it needed, and it would be in touch should it require further details.

In January 2023, following a review of L's profile and the information gathered NatWest reached out to Mrs L to explain it needed more details. Telephone calls were made on 13 January 2023 and 16 January 2023, and Mrs L explained she couldn't discuss matters. On 17 January 2023 an email and text were sent to Mrs L, stating she needed to contact NatWest. On 20 January 2023, a letter was issued explaining that further information was needed as part of the CDD process and if this wasn't received by 19 February 2023 than the accounts for L would be restricted again.

On 20 February 2023 a restriction notice was issued, and the accounts were restricted on 21 February 2023. Mrs L didn't contacted NatWest following this notification and the accounts were passed to the exits team with NatWest. Mrs L tried to access L's digital banking later in 2023, and as she was unable to gain access, she raised a formal complaint. NatWest issued a final response explaining that restrictions have been applied to L's accounts since 21 February 2023 as its business profile review hadn't been completed. NatWest said a notice to close letter had been issued on 8 January 2024, and the reclaim process would need to be followed for both accounts.

Mrs L remained unhappy with how L had been treated and referred the complaint to our service. An Investigator reviewed the complaint and in summary, found the following:

- NatWest was obliged to carry out the review to comply with its legal and regulatory obligations.
- The communication was clear and consistent, and the account blocks were fairly applied.

Mrs L disagreed with the Investigator's review and maintained L had been treated unfairly by NatWest. The case has been referred to me – an ombudsman – for a 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.

Mrs L has made a number of points to this service, and I've considered and read everything she's said and sent us. But, in line with this service's role as informal body I'll be focusing on the crux of the complaint in deciding what's fair and reasonable here.

NatWest has a number of legal and regulatory obligations to which it must adhere in its provision of banking facilities. To ensure it complies with these, it has a set of procedures in place for monitoring accounts and ensuring it has up to date information on them. NatWest has explained that it was fulfilling these obligations when completing its business profile review for L. Having reviewed the bank's actions, I'm satisfied that was the case. And the terms and conditions of the account allowed NatWest to review it in that way.

As detailed above, NatWest made a number of such requests and they used different forms of communication including, emails and phone calls. I do not find that they acted wrongly when they requested the information because they did so, in order that they could comply with their regulatory obligations. NatWest also utilised as many forms as possible of communication to ensure Mrs L was aware of its requirements and the possible consequences of the requisite review not being completed. For example, the letter issued on 17 January 2023 said:

What will happen if I do not supply this information? We must ensure that we meet our legal and regulatory obligations. If you don't supply this information in accordance with any provided deadlines, certain restrictions will be placed on your products and services. Ultimately, if we're unable to meet these requirements, we may not be able to continue to act as your bank.

Mrs L says there were repeated incidents of her being unable to discuss matters properly with NatWest and she says the service provided was poor and the process unclear. Completing the review would've understandably taken time and effort for Mrs L. But in order for L's accounts to continue, it was essential Mrs L co-operated with NatWest. I can see the initial review was completed when Mrs L attended branch and she sat with a member of staff who assisted her. Mrs L also says she was unable to complete L's accounts and meet its taxation reporting requirements as she couldn't access statements online. Given the restriction of the account, NatWest informed Mrs L of alternative means of access the information she needed. I can assure Mrs L that I have carefully reviewed the timeline of event and her interactions with NatWest. I have found that throughout the process NatWest provided clear communication and its dealings with Mrs L were professional and helpful.

Mrs L also says she didn't receive all the correspondence NatWest says it sent. NatWest has provided its records which show all correspondence was sent to the address listed for L. I can see there was a change of address for L on 17 January 2024, so NatWest would've only sent letters to the previous address until this change was made. It was for Mrs L to

ensure the relevant contact details were accurate, and I must highlight NatWest also used email and text to communicate with L.

NatWest informed Mrs L of its decision to close L's accounts on 8 January 2024. The closure was carried out in line with the terms and conditions which state:

14.2 When we can close your account

We can close your account as long as we give you at least 60 days' notice. We can also close your account immediately if:

- we reasonably suspect that you've given us false information, which was a significant factor in our decision to open your account (or to continue to provide it to you);*
- we reasonably suspect that your account (or any other account you hold with us) has been used, is being used or is likely to be used for an illegal purpose;*
- you behave in an offensive, threatening or violent manner, which includes any racist or other discriminatory conduct, towards our staff;*
- we're required to do so by law or regulation;*
- keeping your account open may expose us to action from a government, regulator or law enforcement agency; or*
- we reasonably suspect that by continuing to provide you with banking facilities, we might breach a law or regulation that we must comply with.*

NatWest had provided Mrs L with multiple opportunities to engage with the business profile review process. However, without the necessary level of engagement from Mrs L it made the decision to end its banking relationship with L. Given the timeline of events I think NatWest made this decision fairly, and in keeping with the account terms. Most significantly, L was given the necessary notice so that alternative banking arrangements could be made.

Following the notification of closure NatWest explained Mrs L would need to complete the necessary reclaim forms for the outstanding balances to be released. I can see these were sent in March 2024 and again in June 2024. NatWest will only be in a position to release L's funds once Mrs L returns the completed packs. The reclaim process is standard procedure when an account closes with an outstanding balance, as its imperative funds are released to the correct individual or entity. So, I consider NatWest's requirements to be fair.

I can see Mrs L feels strongly that NatWest actions have resulted in significant business losses. Mrs L would like NatWest to need to refund the costs paid for the account and she claims the losses for L are circa £30k a year. Firstly, as this complaint is brought by L, I must consider the impact NatWest's actions had on it. I appreciate Mrs L is a director of L, but I am unable to consider the impact on her in a personal capacity. With that in mind, I acknowledge the restrictions on L's accounts will have undoubtedly had an impact on L. But since I have not found NatWest to be at fault for the way it handled L's accounts, it follows I do not think the bank was responsible for any losses Mrs L says L experienced.

I know this will not be the outcome Mrs L was hoping for. But I am satisfied NatWest acted reasonably in taking this action to discharge its regulatory and legal obligations. I hope my decision provides some clarity around why I won't be asking NatWest to take any further action.

My final decision

My final decision is that I don't uphold this complaint.

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

Chandni Green
Ombudsman