

## **The complaint**

Mr M complains that National Westminster Bank UK Plc unreasonably closed his accounts. He would like to be compensated for the inconvenience.

## **What happened**

The background to this complaint is well known to both parties, so I will cover it only briefly here. Mr M held accounts with NatWest, including several savings accounts, and an investment ISA. But in May 2023 the savings accounts were closed.

Mr M complained to NatWest about the closure, saying he hadn't been given the proper notice of closure, or any reason for the closure. NatWest responded to say they had closed the account in line with the terms and didn't need to disclose any further details.

In September 2023 NatWest emailed Mr M to let him know his investment ISA would be closing. Mr M complained about this to the bank. NatWest accepted the ISA had not been included in the original letters confirming the closure of his accounts but said he had been made aware both verbally and by email, and he had 30 days from the email to arrange a transfer to another ISA provider.

Unhappy with this Mr M referred his complaint to our service. Our investigator thought the complaint should succeed in part. They accepted NatWest had a right to close accounts and didn't need to provide a reason why. But they didn't think NatWest had shown they'd sent the required notification, although they also thought Mr M was likely aware of the impending closures. In regard to the investment ISA, they were satisfied that Mr M had been given appropriate notification of the closure.

The investigator thought that NatWest hadn't paid the agreed interest rate until the date of closure on the savings accounts. They suggested NatWest do so, as well as pay Mr M £100 for not providing the agreed notice.

This was accepted by NatWest, but Mr M disagreed. As such, 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.

I've taken in to account the relevant legislation and regulations, industry guidance, and what I consider to be good industry practice. This decision deals solely with the savings accounts and investment ISA held in Mr M's name, rather than any other accounts he held with NatWest.

### *Savings account closures*

Typically, banks have the discretion to choose who they provide accounts to. There's no obligation on NatWest to continue servicing accounts if they've made the decision that they'd rather close them. So, it would be rare for our service to say that a bank shouldn't have closed an account, unless there was very good reason to do so. Instead, we look to see that the account was closed reasonably, and in line with the terms of the account.

The terms of Mr M's savings accounts allowed the bank to close them by providing at least 60 days' notice. This is in line with the relevant regulations, and wider industry practice. It's generally considered enough time to make alternative banking arrangements elsewhere.

NatWest have said they sent Mr M the closure notice in February 2023, but they have been unable to provide our service a copy of this notice. They have sent us copies of a letter sent to Mr M about accounts he held for business purposes, and a letter to the joint holder of an account with Mr M. But these specific accounts I haven't seen evidence that the required notice was provided.

From NatWest's contact records, and what Mr M has told, it seems he was aware before the deadline these accounts were to be closed. But I don't doubt it would have caused him inconvenience to have to clarify this with the bank.

NatWest don't have to provide a reason for closing an account and have decided not to do so here. I appreciate Mr would like to know more, but it wouldn't be reasonable for me to compel the bank to provide reasons for this. Our service can treat evidence in confidence if the ombudsman considers it appropriate. NatWest have supplied their reasoning for closing Mr M's savings accounts to our service, and I'm minded this evidence shall remain confidential. As such, I won't be able to provide a detailed description, but can say I'm satisfied that this was a reasonable commercial decision.

NatWest provided a brief extension to the closure date – although there appears to have been a block applied after the original closure date in April 2023. This was removed just under a week later. The funds in the savings accounts weren't moved after this time, so I'm no persuaded this had any material effect on Mr M. In any event, the extension to the closure deadline is more than fair.

In terms of the ultimate closure date, I agree with Mr M that it's reasonable for NatWest to pay interest on the balances held up until the final closure date – which depending on the account was either 9 May or 10 May. I appreciate NatWest's position that the accounts were in the process of closure, but I think it reasonable that the account interest rate be applied until the actual date of closure. This is the agreement when funds are deposited with the bank, so it's right that this interest continue.

Lastly, I've not seen anything to suggest there was an unreasonable delay in returning the funds to Mr M once the accounts were closed.

#### *Closure of the Invest ISA account*

The Invest ISA account was closed several months after the rest of Mr M's savings accounts. The terms of the ISA account are slightly different in that they only require 30 days' notice. As with the savings accounts NatWest don't have to explain any reasoning for the closure, but I'm satisfied they are reasonable.

I can see from the communication between NatWest and Mr M that he had raised a complaint about the Invest ISA closure in September 2023. And from the information sent to us I can see the funds were transferred to another ISA provider in November 2022. So, I'm

satisfied that Mr M had enough notice of the closure to make alternative arrangements. As such, I'm not asking them to do anything further.

#### *Customer service and consequential loss*

There's always likely to be a degree of disruption when an account is closed – although in this case I note that the savings accounts were mostly used for accepting deposits. So, I'm satisfied any closure wouldn't have had an impact on Mr M's day-to-day banking activity.

I've considered what Mr M has said about visiting the branch almost every day. But I'm not persuaded this was necessary. Mr M has said he had received conflicting information from NatWest, but it's clear that Mr M was aware of the impending closure. So, the responsibility here is on Mr M to make other arrangements for his funds. I don't see it as reasonable to ask NatWest to cover any costs associated with visiting the branch.

But, as mentioned above I'm not persuaded NatWest provided Mr M with the correct notification about the closure of his savings accounts, and there will have been a degree of inconvenience and confusion caused by this. In recognition of this, I think it's appropriate that NatWest pay him £100 compensation.

#### **My final decision**

My final decision is that I uphold this complaint and National Westminster Bank Plc must:

- Pay interest on the savings accounts at the account rate up until the date of closure for the respective accounts
- Pay Mr M £100 compensation

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 30 July 2024.

Thom Bennett  
**Ombudsman**