

The complaint

Mr M and Ms S have complained that National Westminster Bank Plc ('NatWest') blocked their account without providing an explanation and that this led to them suffering various losses.

What happened

Mr M and Ms S got in touch with NatWest in November 2022 after they weren't able to see or access their joint current account online. They said they were told by NatWest that it couldn't provide any information as to the reason for this, so they decided to visit one of its branches. After they were again told there was no further information to share, they complained. They said NatWest was not treating them fairly and that it had also refused to share details of their direct debits with them so they could make other arrangements.

NatWest responded to the complaint but it didn't uphold it. It said it was acting within its legal and regulatory obligations when it decided to block the account and that it had made no errors when it reached this decision. It said that as the account was inactive any direct debits would not have been claimed and therefore no charges would have been applied.

In January 2023 NatWest decided to close the account with 60 days' notice. Mr M and Ms S said they'd heard nothing from NatWest up until that point.

Mr M and Ms S weren't happy and complained to us. They said NatWest told them that it wouldn't apply any charges to their account, but it did and now refuses to refund these. They also said that it failed to comply with its terms and conditions and also that over the period where they couldn't access their account it sent them letters about unsuccessful direct debit payments which were written in a harassing manner. They also said NatWest failed in its regulatory obligations and didn't treat them fairly.

Furthermore, Mr M said he was in the process of purchasing a new vehicle and had to pull out of the purchase. He also said he suffered a significant loss of income due to NatWest's actions and also suffered from stress and anxiety. He said he and Ms S spent hours visiting branches and on the phone to NatWest and that the whole situation impacted their marriage. Finally, they said that NatWest's letters weren't written in plain English and weren't easy to understand. They said they wanted an apology, compensation for loss of income and the time they wasted as well as the psychological impact this has had on them.

NatWest said that it was acting in line with its legal and regulatory obligations and within its terms and conditions. It added that it was under no obligation to explain the reason for the block to Mr M and Ms S. It also said that the account was blocked between 8 and 17 November 2022 and that no direct debit charges were made over that period. It said the accounts were otherwise accessible after this period and over the 60 day notice period before they were closed.

Mr M and Ms S said they believed NatWest blocked the account due to money laundering concerns, but they didn't believe it had looked into the matter properly. They said that all the cash that they had withdrawn from their account had been returned and, in fact, the total

cash returned was less than the amount withdrawn. They said some of the returns were due to the fact that they had old £50 notes that they had to swap over. They made some additional points about a £10 disputed transaction, NatWest not allowing them to switch accounts and its delay in responding to a subject access request which are being looked at under a separate complaint. Finally, they said they were further inconvenienced by the fact that they had to make separate cash withdrawals each day in order to take his money out of NatWest and had to do so on 22 separate occasions.

Our investigator thought that NatWest was acting fairly and reasonably when it blocked the account. She also didn't think its correspondence had been unclear. With regards to the information about the direct debits she didn't think this was something NatWest was obliged to provide. Our investigator didn't look into the closure of the account as this wasn't something Mr M and Ms S were complaining about. She also said that any charges that may have been applied would have been applied fairly and in line with the terms and conditions. She added that she hadn't seen any evidence of NatWest telling Mr M and Ms S no charges would be applied.

Mr M and Ms S didn't agree and asked for an ombudsman's decision. The matter was then passed to me to decide.

Before I issued my decision I went back to the parties and asked for further information including a confirmation of the dates over which the account was blocked and also when Mr M and Ms S were made aware it had been unblocked. I also asked for further information regarding the charges that were made for failed direct debit payments.

Mr M and Ms S said that NatWest didn't tell them when the account became unblocked and that they had to keep checking their online banking application for updates. They said this account was unblocked after a sole account that Mr M has with NatWest. They also said that they were charged £2.15 in December 2022, January and February 2023 for various direct debit fails and that NatWest has so far refused to refund those charges. They also said they were charged £23 for removing money from Mr M's sole account and that they had to keep chasing for NatWest to refund this.

NatWest said that no charges were made while the account was blocked. I went back to NatWest to ask why subsequent direct debit payments failed after the account had been unblocked especially as there seemed to be sufficient funds in the account for those payments to go through successfully.

NatWest provided a list of Mr M and Ms S's direct debits. This showed that some were cancelled by the bank itself. But a number of them weren't. Mr M and Ms S confirmed that after their account was blocked and NatWest refused to provide a list of their direct debits, they went through old statements and contacted the companies those payments were going to in order to provide different account details.

From the letters NatWest sent to Mr M and Ms S in relation to failed payments it appeared that the two payments which failed in December 2022 and January 2023 were for failed standing order payments. It wasn't clear whether the February 2023 charge was for a failed standing order or direct debit but, when it failed, there were again still funds in the account.

I went back to NatWest to say that I could see no reason why those payments had failed bearing in mind that the account had been unblocked by that point and also that there were sufficient funds in the account. For that reason I thought it was fair for NatWest to refund those charges to Mr M and Ms S plus 8% interest. NatWest agreed. We also informed Mr M and Ms S of this and they said they expected £6.45 for the three failed fees. They also

mentioned the £10 disputed transaction which, like our investigator, I am not looking at as part of this complaint.

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.

It might be helpful if I start by explaining that our service doesn't punish or fine businesses, and it's also not our place to say that a procedure the business follows is incorrect. Only the industry regulator, the Financial Conduct Authority (FCA), can do this. Businesses have legal and regulatory obligations they have to meet and they have processes in place in order to meet these obligations. They can broadly be summarised as a responsibility to protect persons from financial harm, and to prevent and detect financial crime. To comply with its obligations NatWest may need to review an account and/or restrict its customers' access to accounts and funds held within them. NatWest's terms and conditions also allow it to suspend or restrict the use of an account in certain circumstances. So, our role in cases like this one, is to look at whether the business has followed its own internal procedures correctly, while also meeting its legal and regulatory obligations.

NatWest said it blocked the account between 8 and 17 November 2022 in order to carry out a review. And it said it doesn't need to provide a reason why it decided to do this. Based on the evidence I have seen, some of which was shared with us in confidence and which I can't share with Mr M and Ms S, I agree that NatWest was complying with its legal and regulatory obligations when it decided to review the account. So I don't think it was acting unfairly or unreasonably. And I agree that it isn't under any obligation to tell Mr M and Ms S why it decided to do this.

Mr M and Ms S said NatWest didn't comply with its own terms and conditions. And that it also didn't treat him fairly and so it failed in its regulatory obligations. They also mentioned that they didn't think NatWest's letters were written in plain English. Having looked at NatWest's letters I didn't find that they were written so poorly to warrant me making an award for compensation against it. Mr M and Ms S said NatWest failed to comply with its term which says that it will contact them if it believes that their account is under threat but I don't think this was the case here, so I don't think this term is relevant.

Mr M and Ms S said they wanted compensation for the stress they suffered and the time they wasted calling and visiting NatWest. They said the situation also impacted their marriage. I was really sorry to hear about the impact the account block had on Mr M and Ms S but as I don't think NatWest acted in any way that was unfair or unreasonable, I am not minded to award compensation in the specific circumstances.

Mr M and Ms S said that NatWest refused to provide them with a list of their direct debits. NatWest said it couldn't access the account while it was blocked but I find this unusual. In any event, as our investigator said I don't think NatWest was under any obligation to provide this list while the account was blocked though it would have been convenient for Mr M and Ms S if it had. Also as the account was only blocked for such a short amount of time I think the impact was minimal.

I have also looked at the letters Mr M and Ms S were sent each time a direct debit/standing order payment failed. I think these are standard letters informing them that the payments didn't go through and so I don't think they were meant to come across as causing any form of harassment. Some of the sentences were written in bold letters which may have given this impression, but I think the purpose for this was for NatWest to highlight important information. I think this was fair and reasonable.

In terms of the charges, NatWest pointed out that despite some direct debit payments not going through between 8 and 17 November 2022, no fees were charged to Mr M and Ms S. This is reflected in the account statement it provided. However, standing order or direct debit payments also failed in December 2022, January and February 2023 despite there being sufficient funds in the account. As NatWest has failed to provide an explanation as to why these payments failed, I think it is fair and reasonable for it to refund Mr M and Ms S £6.45 (each charge was £2.15) plus interest. NatWest has agreed to this.

Mr M has provided evidence that he was refunded a £100 deposit for a test drive for a car but I haven't seen any evidence that he missed out on a car purchase. But in any event as the account was blocked for around nine days I think the purchase is something he could have rearranged. Also I haven't seen any evidence as to Mr M's loss of earnings claim so I can't safely conclude that there was a loss of earnings or that NatWest was responsible for it.

I note that Mr M and Ms S's new complaint points (about the switch etc) are being looked at separately. If they are also unhappy that they had to make 22 visits to NatWest to withdraw their funds they may also raise a separate complaint about this.

My final decision

For the reasons above, I have decided to uphold this complaint. National Westminster Bank Plc must pay Mr M and Ms S £6.45 by way of a refund for three missed standing order/direct debit payment fees they were charged after their account was unblocked. It must also pay 8% simple interest per year on this amount from the date each £2.15 fee was charged to Mr M and Ms S's account to the date it pays them back.

If National Westminster Bank Plc considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr M and Ms S how much it's taken off. It should also give Mr M and Ms S a tax deduction certificate if they ask for one, so they can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M and Ms S to accept or reject my decision before 16 May 2024.

Anastasia Serdari
Ombudsman