

## **The complaint**

Mr P complains that National Westminster Bank Plc closed his bank account without providing him with an explanation. Mr P is also unhappy that NatWest declined his application for a savings account and the service NatWest provided.

Mr P says he has lost his job as he is not able to register as a broker with the bank. So, he wants compensation for the financial loss, trouble and upset he has suffered.

## **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 P had a student current account with NatWest which he opened in 2017.

Mr P has told this service that he used the account for everyday spending, transferring money to his relatives and friends to help them out when needed and moving money into his investment accounts. Mr P has also explained that he suffers from a mental health condition, which causes indecisiveness, and leads him to making more transactions on his account.

In early 2023, NatWest decided to review how Mr P was using his account. Following its review NatWest decided to close Mr P's account. The bank wrote to him on 18 May 2023, giving him two months' notice that he'd need to make alternative banking arrangements. NatWest closed Mr P's account in July 2023.

In late 2023, Mr P applied to open a savings account with NatWest. NatWest issued Mr P with a bank card for the account. However, following NatWest completing further checks as part of its account opening process, NatWest declined Mr P's application and closed the account. NatWest wrote to Mr P saying that following standard checks with credit reference agencies and fraud prevention agencies it wasn't able to offer Mr P an account.

Mr P was shocked and upset to discover that NatWest had decided to close his account. He said he'd recently started a job, which required him to be registered with NatWest. And following his accounts being closed NatWest rejected his professional registration. So, he'd been unable to fulfil the requirements of his new job and was dismissed. Following this Mr P said he hasn't been able to find another job and his former employer asked him to repay his training costs. So, he's been left out of pocket and struggling financially.

Mr P checked his credit file with the agencies NatWest mentioned who confirmed that there was nothing listed against Mr P's name. Mr P also told his employer about NatWest closing his account and declining his professional registration, but he couldn't explain why this had happened. In response, Mr P's employer said that he should have disclosed what had happened as part of its onboarding screening process and that NatWest had told them it had provided Mr P with an explanation about why it no longer wanted him as a customer.

Mr P complained to NatWest. In response, NatWest said it hadn't done anything wrong when it had closed his account and had closed it in line with the terms and conditions of the

account. NatWest said it had completed checks and a number of factors are considered when considering an account application. And that it hadn't done anything wrong when it had declined to offer Mr P a savings account. NatWest apologised for the impact closing the accounts had on Mr P professionally and for any poor service it had provided during the process.

Mr P appealed NatWest's decision to close his account. NatWest reviewed its decision but maintained its position.

Unhappy with this response, Mr P brought his complaint to our service where an investigator considered it. The investigator asked NatWest to provide more information about why it had closed Mr P's account. The investigator reviewed the information and said that NatWest hadn't treated Mr P unfairly when it had closed his account. And had done so in line with its legal and regulatory obligations.

Mr P disagreed and said he suspects there is more to the matter and wants to know the reasons behind the bank's decision to close his account. He said that NatWest has lied to him because he'd discovered that none of the agencies NatWest had cited held any information about him. He also said NatWest had lied to his employer about giving him the reasons behind its decision to close his account.

Mr P wants NatWest to pay him substantial compensation for the trouble and upset he's suffered as well as the loss of his job – his annual salary is just under £30,000.

As no agreement could be reached the matter has come 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 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 P, but I'd like to reassure him that I have considered everything he and NatWest has said before reaching my decision.

I'm very aware that I've summarised the events in this complaint in far less detail than the parties and I've done so using my own words. No discourtesy is intended by me in taking this approach. Instead, I've focused on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts. If there's something I've not mentioned, it isn't because I've ignored it. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome.

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, which includes reviewing how an account is being operated. Sometimes, following a review, banks can decide to close accounts.

That's because NatWest is entitled to close an account with Mr P just as he is entitled to

close his account with NatWest. It's generally for banks and financial businesses to decide whether or not they want to provide, or to continue to provide, banking facilities to any particular customer. Unless there's a very good reason to do so, this service won't usually say that a bank of financial business must keep a customer or require it to compensate a customer who has had their account closed.

As long as they reach their decisions fairly, it doesn't breach law or regulations and is in keeping with the terms and conditions of the account, then this service won't usually intervene. They shouldn't decline to continue to provide banking services without proper reason, for instance of unfair bias or unlawful discrimination. And they must treat new and existing customers fairly.

I've looked at the terms and conditions and they state that NatWest could close Mr P's account by giving him at least 60 days' notice. I've seen a copy of the notice to close letter that NatWest sent Mr P in May 2023, giving him the full notice period, so I'm satisfied that NatWest has complied with this part.

I've next gone on to consider whether NatWest's reason for closing the account was fair. In doing so, I've kept in mind that NatWest are entitled to set their own policies and part of that will form their risk criteria. And that NatWest has to ensure it is complying with its legal and regulatory obligations. It is not in my remit to say what policies or risk appetite NatWest should have in place. I can however, while considering the circumstances of individual complaints, decide whether I think customers have been treated fairly.

As I've said above, NatWest has provided some further details of its decision making process, I'm sorry but I can't share this information with Mr P due to its commercial sensitivity. But based on what NatWest has shared with this service, which includes how Mr P was using his account, I'm satisfied their actions were reasonable in the circumstances. And the bank's decision to stop providing Mr P with banking facilities was reached fairly. On balance when considering NatWest's wider legal and regulatory responsibilities and all the information available to me, I find NatWest had a legitimate basis for closing Mr P's account.

I understand of course why Mr P wants to know the exact reasons behind NatWest's decision. It can't be pleasant being told you're no longer wanted as a customer. Especially as Mr P had been a customer of the bank for a number of years. While not trying to minimise the upset, impact, and frustration this no doubt caused Mr P, especially as at the time Mr P had recently started his new job, the closure of an account can be due to a number of reasons and NatWest isn't obliged to give a reason to the customer.

Just the same as if Mr P decided to stop banking with NatWest, he wouldn't have to explain why. NatWest is under no obligation to tell Mr P the reasons behind the account closure, as much as he'd like to know. NatWest also doesn't disclose to its customers what triggers a review of their accounts. So, I can't say it's done anything wrong by not giving Mr P this information. And it wouldn't be appropriate for me to require it to do so.

As part of his complaint Mr P has said that NatWest lied by telling his employer that it had explained to Mr P why it had closed his account. Mr P says this isn't true because he doesn't know why NatWest don't want him as a customer. I've thought about this and looked at the letter NatWest sent to Mr P in response to his complaint dated 30 November 2023. The letter told Mr P that it had closed his account to comply with its legal and regulatory obligations. So, whilst I accept NatWest didn't give Mr P as much information as he would have liked, I think Mr P had some idea about why NatWest closed his account. And I don't think this means NatWest misled Mr P's employer.

Mr P has said that he's lost his job as a result of NatWest refusing his professional registration. So, he wants NatWest to compensate him for his lost salary. I'm sorry to hear about what's happened and how Mr P has been impacted professionally. It's not clear to me if Mr P's registration was declined because NatWest closed his account – I can't tell for sure. But in any event, I'm satisfied that NatWest haven't treated Mr P unfairly when it closed his account. Since I don't find NatWest acted inappropriately when it did so, it wouldn't be appropriate for me to award Mr P any compensation for the loss of his job.

I should also add that I can't look into anything in relation to the terms of Mr P's employment – the requirement for him to be registered. That's because it isn't related to the provision of a financial service. It relates to the relationship between Mr P and his former employer. And the terms of his employment contract. Under the Dispute Resolution Rules (DISP), which form part of the Financial Conduct Authority's regulatory handbook I have no remit to look into this. So, I won't be making any further comment on this aspect of Mr P's complaint.

I'll next deal with NatWest's decision to decline Mr P's application for a savings account. NatWest has explained that it is a normal part of its process to conduct further checks after an account has been opened, which included looking at information recorded at credit and fraud prevention agencies. NatWest has also explained that a number of other factors are considered. It makes this clear in its terms and conditions. So, it doesn't just rely on the results of searches with the fraud preventions and credit reference agencies.

I haven't seen anything to suggest that NatWest treated Mr P's application differently. Following completion of these checks NatWest decided it wasn't able to offer Mr P an account. NatWest is entitled to do this. I can also see that NatWest has apologised for any confusion Mr P was caused when it told him it had declined his application on the basis of the results of searches with credit and fraud prevention agencies. I think this is a reasonable way to resolve this aspect of Mr P's complaint, so I won't be directing NatWest to do anything more.

In summary, it's clearly caused Mr P trouble and upset when 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 P unfairly when it closed his account. So, I won't be asking NatWest to do anything to resolve Mr P's complaint.

### **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 P to accept or reject my decision before 19 June 2024.

Sharon Kerrison  
**Ombudsman**