

The complaint

Mr J is unhappy that National Westminster Bank Plc (“NatWest”) wrote to him advising that his business account would be closed when he only holds personal accounts with it.

What happened

Mr J holds a personal current account with NatWest. In May 2023 NatWest wrote to Mr J regarding high cash deposits received into his personal account. The letter asked Mr J if these transactions were business transactions and explained that he held a personal account and that the transactions on his account looked like what it’d normally see in a business account.

NatWest advised that it needed to ensure the account activity is in line with its terms and conditions and it needed this activity to stop by 31 July 2023 and if it didn’t NatWest would need to start the process to close Mr J’s accounts.

Mr J was concerned about this and contacted NatWest. NatWest advised that it wouldn’t close his account as long as the large cash deposits into his accounts cease and that it would send a confirmation letter about this. Unfortunately, due to a backlog this letter was delayed leaving Mr J concerned about what was to happen to his account.

Mr J complained about this. In its final response letter dated 31 August NatWest apologised about the delay and confirmed that as long as he acted on its request in its letter from May 2023 his account wouldn’t be closed and in September compensated him £50 for the distress it caused.

Mr J was dissatisfied with this. He says the transaction in question from November 2022 was not business related and he only holds a personal account and was worried for months that his account would be closed. So Mr J brought his complaint to this service.

One of our investigators looked into Mr J’s concerns and reached the conclusion that NatWest hadn’t treated Mr J unfairly as it had legal and regulatory obligations it had to follow and didn’t think it had done this unreasonably and thought the £50 compensation was fair for the delay in receiving the confirmation letter.

Mr J disagreed, he says he was worried for months about his account closing and thinks it is unfair NatWest questioned whether the money deposited was a business transaction when he told NatWest it was personal and has asked for an ombudsman’s 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.

My role is to look at the problems Mr J has experienced and see if NatWest has done anything wrong. If it has, I would seek – if possible - to put Mr J back in the position he would’ve been in if the mistakes hadn’t happened. And I may award compensation that I think is fair and reasonable.

As our investigator has already explained, banks when offering their services are under a duty to ensure compliance with various legal and regulatory obligations. And as we are not the regulator, it's not for me to say what procedures or processes NatWest needs to have in place to meet its regulatory obligations. We offer an informal dispute resolution service and we have no regulatory or disciplinary role.

It should also be noted as a general rule NatWest isn't obliged to continue offering a service to a customer if it doesn't want to or provide a reason or justification for its decision not to. Just as a customer doesn't have to explain why they may take their business elsewhere. What services a bank provides and to who is a commercial decision and not something for me to get involved with.

That being said it wouldn't be fair for NatWest to refuse Mr J a service unfairly or without reason.

I think there has been some misunderstanding regarding why NatWest wrote to Mr J about his account. I think Mr J believes NatWest is falsely accusing him of having a business account or rather that he is using his account as a business account – when he has confirmed it is his personal account.

But having read the letter NatWest sent to Mr J I think he has mis-understood. NatWest understand that the type of account Mr J holds with it is a personal account, but have concerns - based on a large deposit in - that Mr J was using the account as a business account outside of its terms and conditions.

I appreciate it may well be that that the transaction in question isn't business related and indeed, personal, but given the value of the transaction and NatWest's knowledge and experience with these types of transactions, I don't think it unreasonable for it to question this and take the measures it has.

I say this especially given its regulatory obligations such as ensuring it understands the source of funds being deposited. If NatWest remains unsatisfied about a type of transaction, I don't think it is unreasonable it asks the customer to refrain from such activity - as it has done so here - or ultimately it will close the account.

So I don't think NatWest did anything wrong or treated Mr J unfairly when it wrote to him about his account usage in May 2023.

I appreciate this caused Mr J some stress and worry but NatWest did assure him it wouldn't close his account when he contacted it providing these types of transactions stopped. I accept that there was a backlog before Mr J had this confirmed in writing, but NatWest have already apologised for this and compensated Mr J £50 which I think is fair.

Things don't always go smoothly, and as Mr J had been already told his account wouldn't close – and indeed it didn't – I don't consider the detriment Mr J alleges sufficient to justify an uplift on this.

So on this basis I'm satisfied NatWest hasn't made an error or treated Mr J unfairly. And it follows that I do not uphold Mr J's complaint.

My final decision

For the reasons I've explained I've decided not to uphold Mr J's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 5 August 2024.

Caroline Davies
Ombudsman