

The complaint

Ms C complains that National Westminster Bank Plc failed to remove a relative's name from her account. As a consequence, she says that the account was the subject of freezing orders and a confiscation order. She lost funds and the account was closed.

What happened

Ms C's account was opened in 2005, when she was a minor. The following year, a relative (whom I'll call "Mr K") was added to the account as an Agent. That is, he was an authorised signatory, but was not entitled to funds in the account.

In March 2023 a court order was made (on the application of the police), freezing the account. The order said that the account was in the name of Mr K and that there were grounds for believing that the account balance (£1,950.21) had been unlawfully obtained. (The copy of the order appears to have the wrong date, but nothing turns on that.)

In October 2023 a further order was made, requiring that sum to be forfeited. That application said that the account was in the joint names of Mr K and Ms C. The police evidence in support of the orders stated that funds had been transferred into Ms C's account as part of a wider operation conducted by Mr K. The account was later closed by NatWest.

Ms C complained about what had happened. She said that she had asked for Mr K's name to be removed from the account, but NatWest had not acted on those instructions. She said that, if it had removed Mr K's name, the account would not have been subject to the freezing and forfeiture orders and would not have been closed.

The bank did not consider that it had done anything wrong. Ms C did not agree and referred the matter to this service. Our investigator considered what had happened but did not recommend that the complaint be upheld. Ms C did not accept the investigator's recommendation and asked that an ombudsman review the case.

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 shall discuss first the nature of the account. It is clear (and not in dispute) that Mr K was added as an Agent or authorised signatory many years ago. The court orders indicated variously that the account was in Mr K's name and that it was in joint names. I believe however that neither was correct. I think it more likely that – as the bank's records show – the account remained a sole account in Ms C's name, but that Mr K remained as an Agent with authority to operate it.

It is unlikely that the police or the court would have had detailed information about how the account was set up, and they may not have appreciated the difference between an account which a third party could operate and a joint account. That may have led to the inaccurate designation in the court documents.

I have therefore considered whether the account should have been changed to remove Mr K as an Agent. Ms C says that she attended the branch on multiple occasions to have Mr K removed from it, but NatWest has no record of any such instruction. And there is no record of Ms C giving any such instruction in writing or online. Nor did she complain about the matter until funds had been seized under the court order. In the circumstances, I am not persuaded that Ms C did ask the bank to remove Mr K as an authorised third party. I note that it is unlikely the bank would have been able to make changes to the account once a freezing order was in place.

But, even if I were to take a different view on that point, I don't believe it would make any difference to the overall position.

Ms C says that, if Mr K had no longer had authority to operate the account, the funds in it would not have been subject to the forfeiture order. That is, she would now be £1,950.21 better off.

It seems likely that Mr K transferred money from his own account to Ms C's account because he was then able to access those funds and, for example, transfer them elsewhere. If, therefore, his authority had been removed, the account would not have been used in connection with any suspicious activity (unless of course Ms C was herself involved – which is not suggested). To that extent, therefore, Ms C is correct when she says that, had the account been in her sole name with no third party authority, it would not have come under suspicion.

However, the primary reason the account was subject to freezing and confiscation orders is not because of the name(s) linked to it; it was because the police and the court had concerns about the money which had been paid into it. Those concerns would have remained – and, no doubt, the account would have been investigated – whatever name was on the account. The process may have been different if Mr K had not been directly linked to the account, but the overall outcome and Ms C's position would in my view have been broadly the same.

I turn then to the issue of the loss of £1,950.21. The court ordered that sum to be confiscated because it was persuaded that it had been wrongly obtained and paid into Ms C's account. That is, although it was in her account, it was not in fact her money. The police explained to Ms C that she could challenge the position if she wanted to show that it was her money, but she does not appear to have done so. That means that the court decided that neither she nor Mr K was entitled to the money, and it would not be appropriate for me to make an award which would be at odds with the court's finding.

Finally, I turn to the account closure. It is generally for banks to decide whether to provide, or to continue to provide, banking services to any particular customer. They have a discretion in such matters and, as long as that discretion is not exercised for reasons which are not legitimate, this service will not usually intervene.

In this case, Ms C's account had been under police investigation and the subject of court orders. It had (according to the police) been used to receive suspiciously obtained funds, which had then been the subject of a forfeiture order. I stress again that there is no suggestion that Ms C was herself involved in any suspicious activity. Nevertheless, I can see why the bank took the decision to close the account without notice. I believe that decision was reasonable in the circumstances.

My final decision

For these reasons, my final decision is that I do not uphold Ms C's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms C to accept or reject my decision before 23 October 2024.

Mike Ingram
Ombudsman