

The complaint

Mr and Mrs P are unhappy that National Westminster Bank Plc (“NatWest”) blocked and closed their account.

What happened

Mr and Mrs P had a joint account with NatWest. In May 2023 they discovered their account had been blocked and they were unable to use their cards or access the account online.

Mr P went into a NatWest branch and he was informed the account had been blocked but no further information was disclosed. He refused to leave the branch without further information and the police were called to escort him from the branch after it had closed. The next day Mrs P visited the same branch and given the same response. She was told the funds in the account couldn’t be accessed.

On 1 June 2023 NatWest responded to Mr and Mrs P’s complaint about the block that was placed on the account. It stated that it had followed the correct process so hadn’t upheld the complaint. On 15 June 2023 NatWest wrote to Mr and Mrs P confirming it was closing their account giving them 60 days notice.

Mr and Mrs P were unhappy with this. They complained that their account had been closed unfairly. They also complained about the charges that had been applied to the account for missed payments equalling £4.30.

I issued my provisional decision earlier this month. I said that:

Was the account closed fairly?

I’ll start by setting out some context for NatWest’s review of Mr and Mrs P’s accounts. Banks and financial businesses have important legal and regulatory obligations they must meet when providing accounts to customers. They can broadly be summarised as a responsibility to protect persons from financial harm, and to prevent and detect financial crime. It’s common industry practice for businesses to restrict access to an account to conduct a review on a customer and/or the activity on an account. The terms of the account also permit NatWest to block an account. This means it is entitled to block and review an account at any time.

Banks and financial businesses are also entitled to end their business relationship with a customer, as long as this is done fairly, doesn’t breach law or regulations and is in keeping with the terms and conditions. In this instance the terms of Mr and Mrs P’s account say that in certain instances NatWest can close the accounts with immediate notice and it doesn’t have to provide a reason for doing so.

I understand Mr and Mrs P want NatWest to explain the reason it blocked and closed their account. It can’t be pleasant being told you are no longer wanted as a customer. But NatWest doesn’t disclose what triggers a review of their accounts to its customers. It’s under no obligation to tell Mr and Mrs P the reasons behind the account review and block, as much

as they'd like to know. It's also under no obligation to provide them with the reasons it no longer wants them as customers. So, I can't say it's done anything wrong by not giving them this information. And it wouldn't be appropriate for me to require it to do so.

Banks are entitled to decide for themselves whether to do business or continue doing business with a customer. Each financial institution has its own criteria and risk assessment for deciding whether to continue providing accounts and providing an account to a customer is a commercial decision that a financial institution is entitled to take. That's because it has the commercial freedom to decide who it wants as a customer. And unless there's a good reason to do so, this service won't usually say that a bank must keep a customer.

NatWest has relied on the terms and conditions when closing Mr and Mrs P's accounts and, it has provided supporting evidence to show why the terms and conditions it's relied on are applicable in this case. Having reviewed this information, I'm satisfied it has acted fairly in closing their accounts. Whilst I can't disclose more information about this to Mr and Mrs P I hope I can provide assurance that their account wasn't closed for an improper reason.

I understand Mr and Mrs P have explained this situation has had a significant impact on their health and I'm sorry to hear that. In particular they've explained they had no access to their funds which they found very distressing. But the blocking and closure of an account can unfortunately be stressful. As I've set out above I don't think NatWest has acted unreasonably in closing their account. And I have considered carefully whether NatWest reasonably ought to have allowed Mr and Mrs P access to any of the funds in the account but in the circumstances and based on the evidence I've seen, I'm satisfied NatWest wasn't acting unfairly in taking the action it did.

So, whilst I do acknowledge that this situation has caused them distress, I can't say NatWest is at fault for this.

Were the charges fair?

Based on what I've seen, around the period Mr and Mrs P's account was blocked NatWest applied charges equalling £4.30 to the account in relation to unpaid payments. As the account has been closed there is limited information available about exactly which payments these charges related to. So it's not clear whether the payments were missed as a result of the legitimate block that was put in place or for another reason.

Because of the limited information available, as a gesture of goodwill, NatWest has agreed to reimburse Mr and Mrs P for these charges. As this is what we would've recommended had we concluded the charges were unfair, I consider this a fair and reasonable resolution to this part of the complaint.

Mr and Mrs P have raised some other points that relate to NatWest's decision to close their account such as it's decision to communicate in letters sent via second class post. But how it sends its correspondence is a commercial decision NatWest is entitled to make.

They also said another bank has told them NatWest has provided information to it about their accounts which is a breach of their rights under the Data Protection Act.

If Mr and Mrs P feel their data has been breached, they may wish to contact the Information Commissioner's Office about this. With regards to what I can consider under this complaint, I can't comment on what another, separate bank might have told Mr and Mrs P about NatWest's actions as it's not party to this complaint.

What I can confirm, and have outlined above, is that I'm satisfied NatWest hasn't acted unreasonably or treated them unfairly in following its processes in relation to closing their account.

Mr and Mrs P responded to my decision. They said that they didn't feel NatWest was refunding the charges as a gesture of goodwill. They felt it was clear what the charges related to and they were unfair. They said our service has a duty to require NatWest to review their processes around charges.

They again stated the impact the account closure had had on their health and their dissatisfaction that NatWest hadn't acknowledged their correspondence setting this out.

They also said that the block had been removed from their account due to the involvement of their MP which they felt demonstrated that people with more 'influence' than them were being treated more favourably by NatWest. NatWest accepted my recommendations.

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.

Whilst I have considered Mr and Mrs P's response carefully, overall, I'm not persuaded to depart from the conclusions reached in my provisional decision and outlined above.

I would like to again say I'm sorry to hear of the impact this situation has had on their health. I understand the closure of their account has been very stressful for them. But because I don't think NatWest has acted incorrectly or unfairly in closing their accounts for the reasons given in my provisional decision, I don't think NatWest is responsible for the impact the situation has had on their health. I also don't think being notified of the impact on their health reasonably ought to have changed NatWest's position on the closure of their account either.

With regards to Mr and Mrs P's response about the charges, I have considered what they've said carefully. There are circumstances where I might've concluded it was fair and reasonable for these charges to have been applied. But ultimately, even if the charges had been applied unfairly what I would've recommended is a refund of the fees. As this has now been offered by NatWest I consider the matter fairly resolved.

I've noted Mr and Mrs P's comments that I should consider NatWest's wider policies around how it applies charges. But my role is to consider how they have been treated as part of this complaint, not to consider NatWest's wider policies and commercial decisions. And as I've said, I consider their complaint about the charges resolved.

Mr and Mrs P have said it was a third party in a position of relative power that prompted the removal of the block on their account. And this proves NatWest was treating them unfairly. Based on the evidence I've seen, the block on the account was lifted once NatWest's investigation had concluded, not because of any outside influence. And overall, as I've explained, I'm satisfied the block and review of Mr and Mrs P's account was fair and reasonable so I don't agree they've been treated unfairly by NatWest.

My final decision

I uphold this complaint in part. National Westminster Bank Plc should refund Mr and Mrs P the £4.30 they were charged.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P and Mrs P to

accept or reject my decision before 18 December 2024.

Faye Brownhill
Ombudsman