

NatWest to refund over 700 firms after it 'forced' businesses to open fee-paying accounts to secure loans

NatWest "forced" companies to open a fee-paying business current account in order to secure a loan, according to the Competition and Markets Authority (CMA).

The watchdog said the practice, known as 'bundling', breached its rules over a three-year period. The bank will now issue a total of £600,000 in refunds.

The CMA added that hundreds of companies were charged monthly for a business account that they "may not have wanted or needed".

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It also said it limited businesses' choice as they were unable to hold an account with a separate provider, which may have better met their requirements.

The watchdog added that having scrutinised the error more closely, it became aware the bank had signed certain customers up to a business account, when they had specifically requested to have a fee-free account.

Adam Land, CMA senior director of remedies, said: "Forcing businesses to open costly current accounts to secure essential loans is unacceptable – and a direct breach of our rules, which have been in place for 20 years. NatWest should have known better.

"These rules are there for a reason: to make sure small

businesses are treated fairly, and to make sure the market is competitive.”

The CMA has now issued legal directions to NatWest, and the bank is in the process of refunding affected customers.

NatWest will now write to all affected SME customers with a business account to offer them the option of switching to a fee-free loan servicing account.

A NatWest spokesperson said: “A technical issue meant that a small number of new business customers were incorrectly provided with a business current account when taking out a business loan.

“On discovery of this issue, we promptly informed the CMA of the error and resolved it. We have written to the small number of business customers that were affected and refunded them in full.”

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