

## **The complaint**

H, a limited company complains that National Westminster Bank Plc, closed its account despite being told not to. H also complains about the amount of time it took to release money held in the account, causing it financial loss as funds couldn't be used for investment opportunities and trade.

H's complaint has been brought to our service by its director, Mr T.

## **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.

In May 2022, NatWest wrote to M T to let him know that, following a review of accounts that hadn't been used for a while, it was planning on closing H's business reserve account. And that Mr T should get in touch with the bank if he wanted to keep the account open. At the time, the balance of the account was just under £1.4 million.

On 9 June 2022, Mr T rang NatWest and told the bank that he wanted the account to remain open. NatWest told Mr T that the necessary departments would be notified, and the account would remain open for a further two years. Despite this, in February 2023, NatWest closed H's account as dormant. And moved the account balance into a sundry account.

Mr T discovered that H's account had been closed in March 2023, when he called the bank for a balance. Mr T was very unhappy to discover that H's account had been closed and complained. He pointed out that he had followed the bank's instructions and contacted them in June 2022 to let them know he'd like the account to remain open. Initially NatWest said it couldn't find any record of Mr T's call and asked him to provide evidence to show he'd called the bank.

Following this, Mr T then spent many hours on phone calls, emails, and visits to NatWest branches in unsuccessful attempts to try and locate H's account balance and get to the bottom of why NatWest had closed H's account after he'd asked them not to do so. He also provided details of the call he made to NatWest in June 2022. During the process NatWest told Mr T that he'd need to complete a reclaim form so that the money in H's account could be released to him. NatWest released H's balance on 7 August 2023 – nearly five months after Mr T discovered H's account had been closed.

NatWest looked into Mr T's complaint and finally located the call he had made in June 2022. NatWest apologised and said it had made a mistake when it had closed H's account. It also acknowledged that Mr T had submitted a successful reclaim form for H's funds but accepted that if it had prevented H's account becoming dormant, this wouldn't have been necessary. They said they could have fast tracked the return of H's funds, and Mr T could have accessed H's funds sooner. NatWest also accepted that its service fell short and that it didn't communicate with Mr T as well as it should have done, to explain things and expediate Mr T accessing H's funds.

To put things right NatWest offered to pay 8% compensatory interest from the day H's account became dormant on 20<sup>th</sup> February 2023, until the funds were released on 7<sup>th</sup> August 2023, amounting to £51,367.03. NatWest offered H a total of £500 compensation for the inconvenience caused by its poor service. NatWest also paid £8,007.79 in respect of the credit interest accrued from 20<sup>th</sup> February 2023 to 7<sup>th</sup> August 2023, when it released H's balance.

Mr T said NatWest's offer didn't go far enough. So, he brought his complaint to our service where one of our investigator's looked into what had happened.

The investigator asked Mr T for some more information about how NatWest's actions had impacted H. After reviewing everything our investigator explained that we couldn't ask NatWest to compensate H for potential losses and Mr T's hourly professional rate. So, she said NatWest's offer was fair. And she didn't recommend that the bank needed do anything further to resolve H's complaint.

Mr T disagreed. He said NatWest's offer of compensation didn't adequately reflect the amount of trouble, upset and financial losses he and H had suffered. In summary he said:

- NatWest's service had been appalling and unprofessional.
- The bank had wasted a significant amount of his and his staff's time, which had impacted the running of the business – he estimates this to be around 50 hours of his time and 10 hours of his secretary – so H should be compensated actual staff costs, not the £10 per hour rate offered by NatWest.
- He wants the base rate plus the 8% rate of interest for loss of use of H's funds
- H has been unable to trade due to not having access to the funds for months.
- The funds were only released after Mr T persistently chased NatWest and wrote to NatWest's chairman and CEO.
- NatWest essentially stole H's money and continuously refused to pay it back
- H missed out on an opportunity to purchase properties to develop so it has been impacted financially, of around £200,000 - £300,000
- He wants a further £18,975 compensation.

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.

Firstly, I want to address Mr T's comments that NatWest stole H's money. I should make it clear to Mr T that the Financial Ombudsman Service is an informal dispute resolution service acting as an alternative to the courts. We don't consider complaints in the same way as a criminal court might. I can't make a finding as to whether the law has been broken, and I don't need to in order to decide this complaint.

It's also important to bear in mind that this is H's complaint. And although a company can't suffer distress, it can experience inconvenience a result of a bank's actions or failures. I'm sorry to hear about the personal impact felt by Mr T, but H is a limited company and so its own legal entity. This means I can't consider the upset Mr T felt personally, I can only consider whether NatWest acted fairly and reasonably towards H.

It's not in dispute that NatWest made mistakes in this case. NatWest has accepted Mr T's account of what happened. It has accepted that it made a mistake when it closed H's account – despite Mr T clearly telling the bank that H wanted the account to remain open. NatWest has also accepted that it took too long to return the balance of H's account. And

that the service it provided H was poor, in particular when it told Mr T it had no record of him calling the bank in June 2022.

To put things right, NatWest has offered to pay H a total of £500 compensation for the inconvenience caused by wrongly closing its account and overall poor service. This includes £100 compensation for the time Mr T, as director of H had to spend trying to resolve matters with NatWest. To recognise the delays in releasing H's balance NatWest has also offered to pay H 8% interest on its account balance between 20 February 2023, until the funds were returned on 7 August 2023, which amounts to just over £51,367.03. NatWest has already paid H interest of £8,007.79 on the released funds.

Mr T says the amount of compensation isn't enough. In response to the investigator's view, he has provided a detailed breakdown of the sums he is seeking, which is a significant amount more than NatWest's offer.

There isn't a set formula that we use to calculate awards for particular mistakes or poor service. It's my role to consider what impact NatWest's actions have had on H and decide, within guidelines set by our service, whether compensation would be appropriate in the circumstances.

I've considered what Mr T has said about the situation and the impact on H and him as director of H. It's clear to me based on what he's said that he has strong feelings about how he has been treated and that NatWest should ensure what's happened to him doesn't happen to another business. Of course, banks should take reasonable steps to avoid making mistakes, but it's unrealistic to expect mistakes will never be made. I don't doubt the mistakes made by NatWest caused H inconvenience and led to H being deprived of its funds for longer than necessary. I'm also satisfied that NatWest's service here has been exceptionally poor, and that its poor service caused H inconvenience – as Mr T as its director had to spend time trying to sort things out with NatWest. So, I'm satisfied that compensation is appropriate for this.

I have carefully considered all of Mr T's submissions about how NatWest's actions impacted H, including the amount of time and effort Mr T has had to spend sorting things out. NatWest has offered Mr T a total of £500 compensation - £400 for inconvenience suffered and £100 for the time Mr T had to spend away from running his business.

I know Mr T is seeking more compensation based on his hourly rate for the amount of time he and his staff had to spend contacting NatWest – in person, on the phone and via email. But I should explain that we don't usually award compensation on the basis of a complainant's usual business or professional hourly rate. That's not because we think a complainant's time has no value. But basing compensation on a person's business or professional hourly rate could suggest one person's free time is worth more than another person's free time. And it might not reflect the true impact of the error on the complainant.

Mr T can charge his clients for his professional or business expertise at an hourly rate. But Mr T wasn't providing a business or professional service to NatWest. And he hasn't provided any evidence that contacting NatWest meant he was unable to carry out his usual work or lost out on any business income. I don't think based on the available evidence that Mr T suffered a financial loss. NatWest has already offered to pay Mr T a total of £500 compensation, which includes £100 for the amount of time H' director, has spent trying to resolve things, and I think the amount it has offered is fair. So, I won't be asking NatWest to do anything more to resolve this aspect of H's complaint.

Mr T has highlighted that H intended to purchase two properties to develop. Mr T says he intended to use the funds in H's account to finance the purchases and because NatWest delayed releasing the funds in H's account, he couldn't go through with the purchase. Mr T says he estimates this cost H between £200,000 - £300,000 in profits.

Mr T has provided our service with details of the advert for the properties and land registry document in support of what he's said. He has also suggested that our service could contact the estate agent to confirm that H was very much interested in acquiring the properties. I have carefully considered the evidence Mr T has provided and what he's said about the properties H wanted to buy. But I've also considered that there are a number of specific things that would have impacted whether or not the sale would have gone through – not least the fact that it appears the owners of the properties withdrew the properties from the market.

It follows then that I don't think I can conclude that the delay in releasing H's funds resulted in any consequential financial losses – ultimately, on the balance of probabilities, I am not persuaded that the sale would have gone through. In reaching this conclusion I've also kept in mind, that from looking at H's bank statement, the money in H's account hadn't been used for some years – since 2018. So, I'm not convinced Mr T intended to use the money to buy the properties.

Mr T has also said that because of the delays in releasing H's funds, H wasn't able to trade. But I've not seen any evidence of this. I've also not seen any evidence that what happened here led to any reputational damage, which may have impacted H's ability to trade. So, it wouldn't be fair of me to award compensation for something there's no evidence of.

In this case H has been deprived of its funds for a considerable period of time – money that H should have had available to it to use as it wanted. Because of the length of time, I can't say for sure what the specific cost of not having these funds available would be. It will have influenced a whole host of decisions about spending and borrowing over that time. To attempt to rework or reconsider Mr T's financial decisions over the period he was without his funds would be incredibly arduous, and not within the remit of our service to resolve complaints quickly and with the minimum of formality. With that in mind I'm satisfied the offer of 8% simple interest on the amount for the period it wasn't available to H is appropriate. It reflects the cost of being deprived these funds. It's also, in line with the statutory interest rate on judgement debts.

NatWest has already offered to pay H 8% interest on the balance of its account for the delay in releasing its account balance – this amounts to £51,367.03. Mr T says H should also be compensated the base rate, which at time fluctuated between 4.24% and 5.25%.

I can see that the investigator has explained that it's generally our service's approach to award 8% simple interest for the unfair deprivation of funds to compensate a complainant for any lost opportunity. I can't add any more to what the investigator has already explained. So, I won't be directing NatWest to pay anything more.

In summary, it's clearly caused Mr T inconvenience when he wasn't able to use H's account. And when he had to wait as long as he did for NatWest to release his funds. So understandably he's upset. And I appreciate it must have been a worrying and frustrating time for him. So, I realise he will be disappointed by my decision. But having looked at all the evidence and circumstances of this complaint, I'm satisfied that the compensation offered by NatWest recognises the impact NatWest's actions had in the overall circumstances of this complaint. So, I won't be telling NatWest to do anything else to resolve H's complaint

In summary, I appreciate that Mr T will be disappointed by my decision, but for the reasons, I've explained, I'm not going to ask NatWest to do anything more to resolve H's complaint. If H wishes to accept this offer and if it has not already been paid, Mr T on behalf of H will need to contact NatWest to do so.

### **My final decision**

For the reasons I've explained, I am not persuaded National Westminster Bank Plc needs to do anything else to put things right as the offer it has made is fair.

Under the rules of the Financial Ombudsman Service, I'm required to ask H to accept or reject my decision before 10 September 2024.

Sharon Kerrison  
**Ombudsman**