

## **The complaint**

U complains that National Westminster Bank Plc (“NatWest”) delayed the closure of its US Dollar Business (USD) account, causing cancelled orders and damage to its reputation.

## **What happened**

U first requested for its USD account to be closed on 1 February 2021. Various delays within NatWest meant that the account was not closed and the balance transferred until 31 March 2021. NatWest has now explained this was largely due to U’s Sterling account being closed in January 2021, meaning the linked USD account was restricted. This is because it should not operate alone without a linked Sterling account under the terms and conditions of the account.

It was accepted that NatWest caused unnecessary delays and this had led to inconvenience for U. NatWest initially offered £250 compensation in recognition of this. U said it felt £5,000 compensation was more appropriate.

Our investigator assessed the complaint and agreed that £250 felt fair, as they thought U still had access to the funds in the account during the period of delays.

NatWest confirmed this was incorrect and U did not have access to the funds in the account at the time, which totalled just over \$28,000. Following a review of the complaint, NatWest increased the offer of compensation to £750.

U provided additional evidence showing two suppliers had cancelled orders with it totalling over \$85,000 in February and March, while U did not have access to their funds.

Our investigator assessed the additional evidence and agreed U had been inconvenienced and had suffered damage to its reputation due to it not having access to its cash reserves. Because of this, they recommended £1,500 compensation which NatWest agreed to.

U did not agree and felt the compensation offered did not reflect the lost sales, the loss of two clients, two months of no access to vital funds and the reputational damage incurred.

As an informal agreement could not be reached, the case has been passed to me for a final 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.

Having done so, I uphold this complaint and agree that the recommendation of £1,500 compensation is fair in the circumstances.

Both parties agree that it took too long for NatWest to close the USD account and transfer

the balance to the new account with a third-party provider. So, I don't need to consider what happened in detail. Instead, the disagreement is over what level of compensation is appropriate when considering the impact the delays had on U as a business.

It should be noted that as U is a limited company, it is a separate legal entity which is unable to be distressed or upset. Because of this, I can only consider the inconvenience on the day to day running of the business, damage to the business' reputation as well as direct losses caused by the error.

U has explained most of its business is carried out in US Dollars, so I can understand that not having access to the USD account had a significant impact on its ability to function. I consider the actual delay to be around six or seven weeks, considering that U forwarded the closure form at the beginning of February and this would normally have taken a week or two to complete as there was a large amount of funds in the account. But this wasn't completed for around eight weeks.

U has provided evidence from two clients showing that they cancelled orders in February and March due to changes in U's credit terms. U has said it had to change the credit terms of its business as it didn't have cash to fulfil the orders, so it feels the cancelled orders are a direct result of NatWest's actions. I've considered this carefully and it's difficult to agree U's decision to change its business terms was solely due to NatWest delaying the closure of the account.

As part of its correspondence with NatWest, U said that its turnover dropped by nearly two-thirds in 2020 and it was starting to begin recovery when NatWest caused the delays. And I note that the cash reserves in the USD account was likely not enough to fulfil all the orders that had been submitted by the two clients mentioned. While I accept that NatWest's errors may have contributed to U having to change its credit terms, I don't think it's likely it was the predominant factor. So, I don't think NatWest should specifically cover the losses U incurred by the cancelled orders.

Taking into consideration the inconvenience U has been caused by its employees having to spend time chasing the account closure while they could have been contributing to the business, as well as the damage to their reputation, I think £1,500 compensation is fair in the circumstances. I understand that U thinks this should be more, but this is in line with what I think is reasonable and I think reflects the serious disruption it has faced.

U also mentioned that it may have to send employees to India to try and repair the relationship with the two clients who cancelled orders. But as this has not occurred yet, I'm unable to consider this as a potential loss. I can only consider what has actually happened so far.

### **My final decision**

I uphold this complaint and instruct National Westminster Bank Plc to pay U £1,500 compensation for the inconvenience caused by the delays.

Under the rules of the Financial Ombudsman Service, I'm required to ask U to accept or reject my decision before 10 November 2022.

Rebecca Norris  
**Ombudsman**