

The complaint

W is a limited company of which Mr C is a director. He brings the complaint on W's behalf. The complaint is that National Westminster Bank Plc (NatWest) has debited the company account without the proper authority to do so.

What happened

A cheque for £8,336.62 was issued on behalf of W in December 2019 for the purpose of paying off a debt held at a different bank (which I'll refer to as B). There's no dispute as to whether this cheque was properly issued and authorised at the time.

The cheque was received by B and the balance of the account was recorded as settled. The account continued to operate as normal from there on.

NatWest wrote to Mr C, in his capacity as director of W, in September 2020 to say there had been a problem with the cheque. It said:

'Because of a technical issue, B haven't yet been able to debit the cheque you sent from your account detailed on the back of this letter, however the payee did receive the funds'.

The letter went on to confirm the funds would be taken from the NatWest account between 5 and 9 October 2020. It asked Mr C to contact NatWest if there were any issues and advised it was important to ensure there was enough money in the account to cover the value of the cheque.

Mr C got in touch with the bank right away to question what was happening. He says he asked for the cheque to be stopped. But the money debited the NatWest account on 8 October 2020.

Mr C then complained on behalf of W. He said the money had been taken without proper authority. He said that B had confirmed it had received the money, evidenced by the cleared balance, and so it was clear that NatWest ought not have debited W's account.

Mr C spoke to and corresponded with NatWest several times but didn't receive an explanation he was satisfied with. And NatWest ultimately said it hadn't done anything wrong in debiting W's account when it did. Unhappy with that response, Mr C brought W's complaint to our service.

One of our investigators considered the complaint and thought NatWest ought to have given a clearer explanation of what had happened and so said W ought to receive £50 in compensation. But he found it was right for NatWest to have debited the account as the funds hadn't been removed at the time the cheque was paid to B.

The investigator obtained evidence that he was satisfied demonstrated the debt with B was cleared by way of the cheque sent by W. That evidence included matching the cheque reference number recorded across the accounts and to the original cheque itself.

NatWest accepted the findings, but Mr C disagreed and maintained that because B had shown the debt as settled there was no reason or right to debit W's account. The complaint has been passed to me for a final decision.

I contacted Mr C before issuing this decision to request some further evidence from him. I explained that I could only see one debit of the £8,336.62 on W's account, albeit in

October 2020 and much later than one might expect, in respect of the cheque. And there was only one corresponding credit of that sum to the account with B. On that basis I asked Mr C to show he'd settled the account with B another way. That was because he'd said he'd paid the debt by other means as the cheque wasn't going through at the time.

Mr C did respond but without comment on this point and he provided no further evidence.

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'm not upholding W's complaint as I don't find NatWest has acted unfairly or unreasonably in debiting W's account when it did. I'll explain why.

There's no doubt that the timeline for the payment of the cheque has been unusual. It is reasonably expected that a cheque will be paid without delay, once it's been through the appropriate clearing process. Generally speaking, that means such a payment debits the paying account and credits the payee account within around a week. That didn't happen here. The reasons why are unclear. Neither NatWest nor B have been able to clearly explain what happened, other than to say there was a technical issue. But it isn't necessary for me to determine exactly what went wrong. Instead, I'm considering whether W has suffered a loss as a result of any error and, if it has, what should be done to put things right.

I've been through historic statements for W's NatWest account and for the account held with B. It's evident that B registered the debt as having been paid in December 2019 following receipt of the cheque. That's to be expected, given it's when the cheque was issued. There is no other corresponding or like-for-like credit to the account at any point, including when NatWest debit W's account in October 2020. So the money hasn't credited the account at, or been sent to, B twice. It's also worth saying here that B has never made any further claim for the money, or pursued Mr C for an outstanding debt linked to the cheque or balance it was to settle.

W's NatWest statements show the cheque didn't debit the account when it was received by B, despite the debt being recorded as paid. There is no debit from W's account in December 2019. Nor is there a debit at any other time, until October 2020, after NatWest wrote to Mr C about the technical issues.

NatWest's letter clearly explained that the payee had received the funds, but that the cheque hadn't debited the account. And so NatWest's letter accurately reflects what is evidenced by the statements. There has only ever been one debit and one corresponding credit in relation to the cheque. And the payment at both banks is clearly tied to the cheque issued on behalf of W, given the matching cheque reference number.

The fact that B may have recorded the payment received and the debt settled in December 2019 doesn't change things here. I'm satisfied that W's account wasn't debited when it ought to have been. Whilst unusual, it is only fair that those funds be properly debited from W's account to reflect the payment from NatWest to B. Otherwise the debt with B will have been cleared despite no funds debiting any other account.

Mr C, on behalf of W, hasn't been able to provide any evidence to show the balance with B was settled in any other way, or from any other account. This isn't surprising given that it is evident the debt was settled by way of the cheque issued in December 2019.

This means there has been no double payment of the debt to B. There has been no duplicated debiting of W's account. And there has been no financial loss to W. It's only a case of the credit to one account and the corresponding debit from another being much further apart than one would expect.

I know Mr C feels that NatWest should have stopped the cheque when he got in touch following the September 2020 letter. Indeed, the letter did say that Mr C should let the bank know if there was reason for the cheque to be stopped. But given my finding that it was right for NatWest to debit the account when it did, it follows that it was right that it didn't attempt to stop the cheque. That remains true regardless of what instruction Mr C may have given at the time.

Our investigator recommended NatWest pay W £50 in compensation and the bank agreed with this. It's important to remember that the complainant here is W, and not Mr C. W is a limited company and so can't suffer distress, only inconvenience. I don't doubt that some inconvenience has been caused to W here and it has been necessary for Mr C to seek clarification on its behalf. But as I can't see that the bank has acted unfairly or unreasonably I make no further award of compensation and leave it for W's agents to decide whether it wishes to accept the existing offer.

My final decision

I don't uphold the main part of W's complaint. It's now for Mr C to decide if he wishes to accept the £50 compensation on behalf of W.

Under the rules of the Financial Ombudsman Service, I'm required to ask W to accept or reject my decision before 24 June 2022.

Ben Murray
Ombudsman