

The complaint

Mr L complains that National Westminster Bank Plc (NatWest) withdrew money from the wrong account, which led to him entering an unauthorised overdraft.

What happened

Mr L visited a branch of NatWest to make a withdrawal from his savings account, but the cashier made the withdrawal from a current account he held with them instead, unbeknownst to Mr L.

Mr L says he found out when he received a letter from NatWest, informing him that he was overdrawn by nearly £3,000. Mr L says this resulted in him not being able to pay his other bills. Mr L says he lost two days of pay to resolve the issue and he made a complaint to NatWest.

NatWest upheld Mr L's complaint. They originally credited Mr L's account with £25 compensation for the error, but they later increased the amount by £75 to total £100 compensation. They also said that Mr L had one direct debit unpaid as a result of the error and they had refunded the £2.15 unpaid transaction fee. NatWest also said they had waived any accrued debit interest as a result of the error. They also said if Mr L wanted them to take into consideration any loss of earnings, then he should provide them evidence of this.

Mr L provided this information to NatWest, but they concluded the £100 compensation was fair. Mr L brought his complaint to our service.

Our investigator thought the £100 compensation was reasonable, and in line with what he would have awarded if NatWest didn't uphold the complaint. Our investigator said that NatWest had put Mr L back in the position he should have been in if they did not make the error. NatWest later increased the compensation by offering an extra £100 in addition to the £100 they credited to his account, however, Mr L wanted an Ombudsman to review his complaint.

As my findings differed in some respects from our investigator's, I issued a provisional decision to give both parties the opportunity to consider things further. This is set out below:

"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint."

Both parties agree that NatWest made an error by debiting the money from the wrong account. I've considered the events of what happened here and what happened when NatWest were made aware of the error they had made. NatWest have put Mr L in the same position that he should have been in if no error had been made. I say this as they have debited the money from the account the withdrawal should have been made from to the account which was overdrawn as a result of their action. They have also refunded a £2.15 unpaid transaction fee and they have waived any accrued debit interest as a result of their error.

But this alone wouldn't be enough. As the error would have also caused Mr L inconvenience and distress, then it's only right that NatWest should pay him compensation for the error they made.

I have considered what Mr L has said about him losing two days of pay due to this issue and that he should be paid for two days of lost earnings. But I'm not persuaded this is proportionate. I say this as Mr L chose to visit the branch originally. So although he says the job he was working on was cancelled as he couldn't let in workmen and this happened on two separate occasions, there would never be a guarantee how long it would take to process the original transaction as there could be other factors such as queues, a shortage of staff etc which may delay a transaction being processed.

When Mr L went into the branch to resolve this, there were other alternative channels which Mr L could have used to rectify this issue, which may have resulted him resolving this outside of his working hours or without needing to go into a branch. NatWest have confirmed that Mr L could have either rang the branch to resolve the issue, rang telephone banking, rang customer services or used live chat/secured messaging. They confirmed that their telephone banking service is open 24 hours a day, seven days a week.

So I can't say that it would be proportionate for NatWest to pay Mr L for two days of lost wages if he needed to let workmen in, as he could've resolved the error without visiting the branch and he would have saved on the time going to and from the branch, including parking. Our service also doesn't generally award compensation based on someone's daily earnings. We wouldn't usually value one person's time as worth more than another person's time. Instead, we consider the overall impact an error had on someone.

Compensation is a discretionary remedy that we sometimes award if we feel that a business has acted wrongfully and therefore caused distress and inconvenience to their customer over and above that which naturally flows from the event. When we recommend compensation, it is often modest and within our established guidelines.

So I've considered if the £100 Mr L was paid recognises the impact NatWest's mistake had on Mr L. I'm not satisfied it does and I'll explain why. Mr L has said he only realised what happened when he received a letter explaining he was overdrawn by nearly £3,000. This would have been distressing to receive. He was then inconvenienced by having to contact NatWest to find out what happened and to resolve their error. And then he had to take actions to rectify the issue. I'm persuaded that Mr L should be paid an extra £100 here (in line with NatWest's increased offer), which would total £200 in compensation for the error caused by NatWest, by them debiting the money from the wrong account. So it follows I intend to ask NatWest to put things right."

I invited both parties to let me have any further submissions before I reached a final decision. NatWest responded but they asked a procedural question and they did not give me any further information to consider. Mr L did not respond to my provisional 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.

As neither party have provided me with any further information to consider, then my final decision and reasoning remains the same as in my provisional decision.

Putting things right

In my provisional decision I said I intend to ask NatWest to pay Mr L an extra £100 (to total £200 compensation) for distress and inconvenience. I'm still satisfied this is a fair outcome for the reasons given previously.

My final decision

I uphold the complaint. National Westminster Bank Plc should pay Mr L an extra £100 (to total £200 compensation) for distress and inconvenience.

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

Gregory Sloanes
Ombudsman