

The complaint

S, a limited company, complains that it didn't receive an incentive payment after it switched its account to a different financial business.

What happened

S was eligible for the 'Business Banking Switch scheme'. This was an incentive to encourage competition. It meant that subject to terms and conditions if it switched its account at NatWest to one of a number of other financial businesses it would receive a payment.

S complains that although it made an application to switch its account to another business it didn't receive the incentive payment of £4,000.

NatWest said it hadn't made a mistake. The terms of the scheme were that the switch and closure of the account had to happen by 30 June 2021. The switch day for S was 25 March 2021. But a pending payment to a merchant for £275 debited its account causing an overdraft. This had been made using S' debit card. Although S said it had experienced difficulties when trying to repay this in April 2021 NatWest wasn't made aware of this. And the account couldn't be closed. The debit balance was cleared on 12 July 2021, but this was too late for the incentive payment.

Our investigator recommended that NatWest pay S £250 in compensation and it agreed to do so. He said he thought that S was reasonably aware that there was an outstanding balance on the account and that this would need to be cleared by 30 June 2021. S didn't do so. There had been a sufficient period for S to take action to avoid the loss of the incentive payment. He recognised that the date that the pending payment was applied wasn't within S' control. But also, this wasn't something NatWest could do anything about either. However, it did seem that its processes weren't able to deal with this novel situation and this was a flaw that had inconvenienced S. He said that the £4,000 loss was too remote to be fairly payable but that £250 reflected the inconvenience.

S didn't agree and wanted its complaint to be reviewed. It said it didn't know that the balance outstanding would affect the incentive payment. A refund paid into the account was diverted automatically. And so, it didn't see why this debit hadn't been too.

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.

Through our investigator I asked NatWest to clarify the position with the payment of £275. It stated that:

“The issue was that the merchant didn’t process the request straight away and it didn’t show until later in the day of 25 March after the closure process started. When the purchase was made, contact was made to the bank to authorise the funds, but merchants can take up to 6 months to claim payment. The other pending payments were covered because they were claimed by the merchants immediately. This payment was not covered because the merchant didn’t claim the payment until 25 March which is not a bank error.”

I agree that this was unfortunate and that the timing of this payment wasn’t within the control of S or NatWest. This meant that the account couldn’t be closed. And the terms and conditions for receiving the payment were that the account had to be switched and closed by 30 June 2021. This was reasonably set out in the material relating to the switch offer.

I note from S’ complaint form that it accepts that it knew about the debit balance on the account and that the payment had been applied and not transferred to the new bank. And NatWest has confirmed that the director of S would have been able to see the account when using online banking and has shown that there were regular logins to online banking. NatWest points to an attempt at 18:27 on 25 March 2021 by S to transfer £200 into the account which wasn’t successful. And it says it has no record of any further attempts or contact about this.

S states that the only way to pay this was by telephone banking and that it didn’t do this due to time constraints. It also thought the business account had been closed because it was shown alongside the director’s personal accounts. And when it had contacted NatWest about not receiving the incentive payment in July 2021 it had been referred initially to its new bank and told that the account had been closed.

I’m only looking at the complaint about what NatWest did here. I’m afraid that I think that S was reasonably aware that the switch hadn’t concluded. And that it had an outstanding debt to NatWest. In any event it had a reasonable period to deal with that before 30 June 2021 and which would have mitigated what happened. And I accept too that this caused it inconvenience and I think that the recommended payment of £250 is appropriate. But I’m afraid I don’t conclude having balanced all the factors that it should receive the switching incentive. I know how disappointed the director of S will be about this.

My final decision

My decision is that I uphold this complaint in part, and I require National Westminster Bank Plc to pay S £250.

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

Michael Crewe
Ombudsman