

The complaint

A company which I'll refer to as 'T' complains that National Westminster Bank Plc (trading as Ulster Bank) didn't update its information when requested causing it inconvenience.

The complaint is brought on T's behalf by one of its directors, Mr P.

What happened

Mr P told us:

- Ulster bank ('Ulster') sent letters requesting information to the incorrect address, despite being notified of a change of address more than twelve months earlier.
- A data protection breach had occurred as the letters weren't returned to the bank. Ulster admitted their error but didn't do enough to put things right.
- When Ulster didn't get a response to the letters, it suspended T's account causing salary and direct debit payments to be missed.
- Since the complaint had been brought to this service, there had been another error by the bank as a request for information had been sent to a director, not the requested contact.

Ulster told us:

- It acknowledged it didn't update T's business address when requested, which meant three letters were sent to the wrong address.
- It suspended T's account to comply with its regulatory obligations as it needed information from the business which hadn't been received – albeit because the requests had been sent to the wrong address.
- It had apologised to T and offered £500 compensation for the inconvenience caused.
- The second error had been caused because the system had been reset when the bank received the information from T. It had apologised to T and explained how the error had taken place and had updated the system accordingly.

Our investigator thought £500 for the initial error was enough to put things right. She said the salary payments had been made as they would normally, and that missed direct debits were set up shortly after the error had occurred and no unpaid charges had occurred. So whilst she recognised that T had been caused inconvenience, she felt the bank had done enough to put things right. However, she said that because a further error had occurred causing T to contact the bank again, Ulster should increase its compensation by a further £100 to £600 in total.

Ulster agreed with the investigator's recommendation, but Mr P didn't. He thought this wasn't enough compensation to put things right and asked for an ombudsman to review the complaint. So the case has been passed 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.

It's not disputed by either party that Ulster caused errors by not updating T's business address and then sending a follow-up letter to the wrong business contact. So I'll focus my decision on the key dispute here, which is whether £500 compensation for the original error plus the investigator's recommendation of a further £100 for the second error is enough to put things right. I think that is a fair way to resolve things, and I'll explain why.

The bank's error meant that three letters were sent to the incorrect address in October, November, and December 2021. Mr P says this was a data breach by the bank and he's concerned about the information which a third-party may have been able to access. However, I've seen copies of the bank's internal records which show the mail was returned/undelivered, so I don't think the information was accessed by a third-party. I've also seen a copy of the letters and I'm satisfied there wasn't any information within the letters which posed a risk to T. I recognise the letters contained the name of one of T's directors, however this is publicly available information, so I can't reasonably say this had a substantive impact on T.

Mr P says that if the letters were returned to Ulster, then it was negligent to send further correspondence. But I don't agree. It's usual practice for a bank to send several notifications to a customer in case there has been an issue i.e. with the postal delivery or a temporary address move. So I think it was reasonable for Ulster to make several attempts to contact T before it took action to limit the bank account.

I appreciate this has caused frustration for T and I recognise Mr P's concerns, but Ulster has accepted it made a mistake and apologised for the error. The bank has also shown evidence that it's updated its records so I'm satisfied the bank has resolved this in the manner we would expect.

However, I recognise that the bank's error had a knock-on effect for T. As the letters were sent to the wrong address, T wasn't aware that Ulster had asked for information to update its systems. This meant the bank suspended T's account for four days from 14 to 17 December 2021. Mr P says T's direct debits and payroll were affected by the bank's error which caused inconvenience. I don't dispute that's the case here, but I've seen that for the two direct debits that were missed, double payments were made in January 2022. And I haven't seen any evidence of any charges being made by T in relation to either of these payments.

Mr P says that the £500 compensation offered by Ulster wasn't enough to cover the inconvenience caused to T. He says that T was caused inconvenience because although the wage payments were made, these had to be done by cheque rather than by BACS as usual. Mr P says this meant extra time and cost, however as a service we don't make awards based on hourly rates, and he hasn't given us any evidence to show any other associated costs. Furthermore, where an error takes place, we would expect a complainant to mitigate any losses, which in this case T did by making the wage payments by cheque. So based on all the evidence I've seen, I think the £500 compensation was enough to put this part of the complaint right.

That being said, I can see that there was a further issue with T's letter being sent to the wrong contact. It's not for me to fine or punish a business for making a mistake, and Ulster has apologised and explained that this error occurred in the process of resolving the issue with T's registered address. Although there was minimal impact here as the letter was sent to another of T's directors, I can see this caused further inconvenience as Mr P had to

contact the bank again after being told T's records were now correct. Therefore I think Ulster should pay T a further £100 compensation as T's contacts weren't updated correctly when the bank corrected the address error.

My final decision

My final decision is that I instruct National Westminster Bank Plc to pay T £600 compensation for the inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask T to accept or reject my decision before 25 August 2022.

Jenny Lomax
Ombudsman