

## The complaint

Mr B complains that he paid off his mortgage with National Westminster Bank Plc but the payment was mislaid between NatWest, the mortgage provider, and his own bank

## What happened

Mr B had a mortgage with NatWest and wanted to pay it off in full. Mr B wrote a cheque for £60,720 drawn on his own bank, dated 1 April 2021, payable to NatWest and sent by post on 31 March. NatWest received the cheque and began the process of redeeming the mortgage when apparently for security reasons, Mr B's bank stopped the cheque. Mr B then confirmed his authority to his bank to pay the cheque and his bank says that it was represented on 9 April and the money taken from his account on 13 April. But on 14/15 April NatWest told Mr B that it was still waiting on funds to redeem the mortgage. Following that there was an impasse with Mr B's bank telling him that NatWest had the cheque and NatWest telling him that his bank continued to retain the money.

Mr B, assisted by his parents, main contact thereafter was with his own bank but wasn't made aware until 13 May by his bank that his funds had been credited to the NatWest mortgage account on 30 April 2021. NatWest said that it wasn't responsible for losing the money but could have dealt with Mr B's enquiries better and offered compensation initially of £150 and backdated the redemption date so that Mr B had no extra interest to pay. It then raised its offer to £300 which our investigator considered to be fair. Mr B disagreed and asked for a review.

### *my provisional findings*

I obtained further information from NatWest which led me to a different conclusion to our investigator. As I disagreed in part with our investigator's view, I issued a provisional decision which I set out below:

*"This was a substantial payment that Mr B made to discharge his mortgage. But he lost track of the payment between 8/9 April when he instructed his bank that it could pay NatWest and the 13 May 2021 when it became clear that it was in an account with NatWest from at least 30 April. NatWest's position has been that it took from 16 April to 30 April for Mr B's bank to re-present the redemption cheque.*

*I made some further enquiries from NatWest who tell me that the cheque was in fact presented into an internal suspense account on 20 April 2021, then into a cash and cheque suspense account and then into another suspense account which presumably was the suspense account that Mr B's bank was able to see as having been credited on 30 April. Mr B also brought a complaint to us against his own bank which has been investigated by us. There is some documentation on that file relevant to this complaint. That gives some assistance in this complaint as we can see the transaction from both sides. Mr B's bank emailed NatWest on 8 April to say:*

*"Cheque was unpaid in error; customer would like the cheque to be paid in to pay National Westminster Bank PLC are you able to accept credit?"*

*NatWest replies on 8 April "Please send funds thanks "*

*Mr B's bank replies "We are performing settle and close "*

*Mr B says that his account with his own bank was debited the redemption money on 13 April. I note that there is no query from NatWest about the money not being sent and with Mr B's account was debited, I believe that it's reasonable to say that the funds were then received by NatWest at this time. As I say NatWest has said that the money appears in an internal suspense account on 20 April. It's not clear to me where it may have been beforehand and whether it could have been lodged to another suspense account. In any case it's clear that the money was with NatWest earlier than the 30 April which was its original position.*

*So, NatWest had the redemption moneys from about the 13 April and certainly by the 20 April. Mr B received confusing messages from NatWest. He was told his cheque had been returned, then got a letter dated 10 April from NatWest saying that the mortgage had been paid and then when he contacted NatWest on 19 April was told again that the cheque had bounced back as unpaid. Mr B contacted NatWest again on 20 April and was told that because the cheque hadn't cleared that the mortgage hadn't been paid off.*

*NatWest has now told us that they had this money from 20 April, the day that Mr B was told that the mortgage hadn't been paid and he then directed his enquiries to his own bank to see what had happened. Mr B in the meantime raised a complaint with NatWest and contacted it on a regular basis to see what happened his money. It was not until 13 May that NatWest after being prompted by Mr B's bank checked the suspense account again and confirmed that it held the money.*

*The evidence points to NatWest having this money a good deal sooner than 30 April. What I find difficult to understand is that having raised the issue with Mr B on 14/15 April and Mr B telling NatWest that the cheque was being re-presented that NatWest never thereafter contacted him to say that they had got the money. I can understand Mr B being stressed at the time not knowing what happened to the redemption money and being bounced between banks to see where his money had gone when NatWest should have been able to tell him from at least 20 April that it had the money. But for some reason it didn't tell him that until it was prompted to do so by Mr B's bank on 13 May. In fact, it continued as if the money hadn't been paid and the mortgage hadn't been redeemed which meant that Mr B went chasing his own bank on the mistaken belief that his bank hadn't repaid the cheque to NatWest in early April.*

*NatWest should have provided a better service than this and I recognise its failure to do so would have caused Mr B significant stress and inconvenience over a period of weeks. I note that Mr B suffered no financial loss, but I have to decide what's the appropriate level of compensation for his distress and inconvenience. My view is that £500 is an appropriate figure. I note that NatWest offered compensation of £300 but I understand that was based on the assumption that the money had only gone into its account on 30 April when in fact it had happened earlier and NatWest had failed to alert Mr B for a longer period. So, my intention is to uphold this complaint on that basis. As this is a different outcome than our investigator, I am issuing a 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.*

Following the issuing of my provisional decision I invited further submissions from Mr B and NatWest. Mr B says that he will accept the award of £500. The representative from NatWest says that it reviewed my provisional decision and that the bank is very sorry for the trouble and upset caused to Mr B and says that it has no further points to make. So, in the light of those comments, I have reviewed my provisional decision and believe that it represents a fair outcome to this complaint and so I'll be upholding this complaint in the terms of that provisional decision.

### **Putting things right**

National Westminster Bank Plc should pay Mr B £500.

### **My final decision**

My decision is that I uphold this complaint and that National Westminster Bank Plc should pay Mr B £500.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 26 August 2022.

Gerard McManus  
**Ombudsman**