

## **The complaint**

Mrs T, who was a sole trader, is unhappy with the service she received from National Westminster Bank Plc (“NatWest”) surrounding an application she made for a business account.

## **What happened**

Mrs T applied for a business account with NatWest in September 2020. Mrs T believed that she’d applied for a Business Current Account (“BCA”) but subsequently learned that NatWest were considering her application as being for a Loan Feeder Account (“LFA”) – a restricted form of account designed solely to be used as an account from which to service a Bounce Back Loan (“BBL”), and which didn’t include the functionality of a standard BCA as Mrs T needed.

Mrs T also learned that NatWest had placed the application on hold as they were waiting for Mrs T to provide proof of her business’s turnover as she’d declared it in the application. Mrs T hadn’t received any such request from NatWest and was advised by the agent with whom she was speaking that her case handler would contact her to confirm what was required.

But NatWest’s case handler didn’t contact Mrs T as she’d been promised, and several months passed without the application progressing. And, when Mrs T did contact NatWest again in April 2021, she was told the application had been cancelled because the required documents hadn’t been received by NatWest. Mrs T wasn’t happy about this, especially as by this time the BBL scheme had ended, meaning that she wasn’t able to subsequently apply for a BBL for her business as she’d intended. So, she raised a complaint.

NatWest looked at Mrs T’s complaint. They confirmed that the application had been for an LFA, and that NatWest had cancelled the application after their request for further information from Mrs T about her business hadn’t been responded to. NatWest also confirmed that although the BBL scheme had now ended, as an exception, they’d considered whether Mrs T’s application for a LFA and subsequent BBL would have been successful, and concluded that they wouldn’t have been.

Finally, NatWest acknowledged that Mrs T hadn’t received an acceptable standard of service from them in regard to her not being kept informed as to the ongoing status of the application. NatWest apologised to Mrs T for this and offered to pay £500 to her by way of compensation for any trouble or upset she may have incurred. Mrs T wasn’t satisfied with NatWest’s response, so she referred her complaint to this service.

One of our investigators looked at this complaint. But they felt that the response that NatWest had issued to Mrs T’s complaint, including the £500 compensation offer to Mrs T, already represented a fair and reasonable resolution to what had happened.

Mrs T remained dissatisfied, so the matter was escalated to an ombudsman for a final 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.

I issued a provisional decision on this complaint on 2 September 2022 as follows:

*It appears to me that there's considerable confusion over the type of account that Mrs T applied for on behalf of her business, including confusion over the following terms: Business Current Account, Loan Feeder Account, and Business Account. As such, I'm going to begin by clarifying these terms:*

*A NatWest Business Current Account ("BCA") is a current account opened in the name of a business and which includes the full functionality of a current account. This includes debit card and cheque book facilities.*

*A NatWest Loan Feeder Account ("LFA") is a restricted version of a BCA which doesn't include any debit card or cheque book facilities and which is intended to be used solely as a vehicle for servicing a loan (in this instance, a Bounce Back Loan ("BBL")).*

*The term 'business account' doesn't refer to a specific account, but instead refers to the category of accounts where the accounts contained within that category are all designed for business use. Importantly, both a BCA and an LFA are business accounts.*

*I feel it's necessary to clarify the above because I note several instances of Mrs T providing evidence of her NatWest application being for a 'business account' which Mrs T feels is proof that her application was for a BCA. This isn't the case, because as explained, the term 'business account' is a categorial term which applies to both an LFA and a BCA equally.*

*One of the key aspects of Mrs T's complaint is that in September 2020, she applied for a BCA with NatWest on behalf of her business.*

*I can appreciate how Mrs T might have believed that she had applied for a BCA. But having reviewed all the information and evidence available to me, I'm satisfied that she did in fact apply for an LFA. The main reasons I reach this conclusion are as follows:*

- 1. NatWest had placed a hold on new BCA applications from May 2020 which was still in place in September 2020 when Mrs T made the application. This means that Mrs T wouldn't have been able to apply for a BCA at that time.*
- 2. The screenshots of NatWest's internal systems provided to this service by NatWest confirm that the application was for an LFA, and not for a BCA.*
- 3. I've listened to a recording of a telephone call from November 2020, when Mrs T spoke with NatWest to chase the status of the application, and in this call NatWest's agent clearly confirmed to Mrs T that BCA applications were on hold and that her application was for a LFA.*

*During the telephone call of November 2020 referenced above, NatWest's agent also explained to Mrs T that the LFA application was on hold because NatWest were waiting for her to provide further documents about her business as requested by*

NatWest. Mrs T advised that she hadn't received any such request, and because the agent that Mrs T was speaking with couldn't see what specific documents were needed, they advised Mrs T that they would arrange for the relevant case manager to contact Mrs T in the near future.

But the relevant NatWest case manager didn't contact Mrs T. Mrs T chased this matter with NatWest again, several months later, at which time she learned that her application had been cancelled a few months previously because the further documents that NatWest had requested hadn't been received.

NatWest don't dispute that they should have provided a better standard of service to Mrs T in regard to her being contacted as she was told she would be, and NatWest have apologised to Mrs T for this and made an offer of £500 compensation to her for any trouble or upset that she might have incurred.

Matters of compensation can be subjective, with an offer considered as being fair and reasonable by one party not being considered as being such by someone else. But the £500 that NatWest have offered Mrs T as compensation for this poor standard of service does feel fair to me, given the full circumstances of this complaint.

In arriving at this position I've considered that this compensation amount is for the impact of the standard of service that Mrs T received from NatWest only, and isn't in consideration of any further aspects of Mrs T's complaint, such as Mrs T's application being processed incorrectly by NatWest – which, as explained above, I'm satisfied wasn't the case. I've also considered that Mrs T herself appears not to have chased the application with NatWest for several months, despite being informed by NatWest in November 2020 that the application was on hold as NatWest were waiting for her to provide further documents to them.

As such, while I accept that Mrs T's was impacted by NatWest not contacting her about what was required to progress the application as NatWest had promised, I feel that this impact is mitigated by the factors detailed above such that the compensation amount of £500 is fair.

NatWest have confirmed to this service that the further information that they required from Mrs T included proof of her business's turnover. This was because, in her application for an LFA, Mrs T had declared that her business had turnover of over £200,000 per annum. Mrs T also declared that she had been using her personal NatWest current account as her transactional account for her business. But when NatWest checked Mrs T's personal current account, they couldn't see business income at the level that Mrs T had declared.

I've reviewed the statements for Mrs T's personal current account to check whether any evidence of business turnover can be ascertained from those statements. And having done so, I'm satisfied that NatWest's position in this regard is reasonable.

Furthermore, NatWest have confirmed that having received Mrs T's complaint, they then reviewed the cancelled application on the basis of the information they had to see whether that application would have been successful. And, at least in part because of the lack of proof of business turnover running through Mrs T's personal current account, NatWest confirmed that the LFA application would have been declined, even if it had been progressed rather than being cancelled. NatWest have also confirmed that had the application been made for a BCA, and not for an LFA – if

*such an application had been possible – then the BCA application would also have been declined for the same reasons.*

*All of which means that I find it difficult to conclude that NatWest's actions have had the level of impact on Mrs T's business's ability to obtain a BBL as Mrs T contends here. This is because I'm satisfied that Mrs T didn't apply for a BCA as she believed she had, and because even if Mrs T had been able to apply for a BCA, that application would have been reasonably declined by NatWest at least in part because the proof of business turnover that would have been required by NatWest to progress that application wasn't received by them.*

*Ultimately, in consideration of all the above, I don't feel that it can be reasonably stated that NatWest actions caused Mrs T's business to miss out on the opportunity to obtain a BBL as Mrs T believes. Indeed, Mrs T's own actions, including not providing evidence of business turnover, means I feel that Mrs T must bear some responsibility for how events transpired here. And it's for these reasons that I won't be instructing NatWest to provide Mrs T with a loan on the same terms as a BBL as Mrs T would like.*

*And while I acknowledge that Mrs T didn't receive the standard of service that she should reasonably have expected to receive from NatWest, especially in regard to her not being called back by NatWest about the paused application, I feel that there are mitigating factors in respect to this aspect of the complaint (as explained previously) such that I'm satisfied that the offer of compensation that NatWest have already made to Mrs T in this regard already represents a fair and reasonable outcome to that aspect of this complaint.*

*I realise this might not be the outcome that Mrs T was wanting here, but it follows from all the above that I won't be instructing NatWest to take any further action here, beyond that to which they've already agreed. However, in circumstances such as this, where a business has made an offer of compensation to a customer but where that offer hasn't yet been paid, I'm obliged to uphold the complaint in the customer's favour in order to formalise the compensation offer that the business has made.*

*As such, my provisional decision here will be that I'm upholding this complaint in Mrs T's favour, but only on the basis that NatWest must make a payment of £500 to Mrs T, in line with the offer of compensation that NatWest have already made.*

In response to my provisional decision, Mrs T sent several detailed submissions explaining why she didn't agree with my provisional decision. I'd like to thank Mrs T for making these submissions, and I can confirm that I've read and considered them. However, I hope Mrs T won't consider it discourteous that I won't be responding to her submissions in similar detail here. Instead, I'll address what I consider to be the key points of Mrs T's response, in line with this service's role as an informal dispute resolution service.

As such, if Mrs T notices that I haven't responded to a specific point she's made in her replies to my provisional decision, it shouldn't be taken from this that I haven't read and considered that point. Instead, it should be taken that I have read and considered that point, but that I don't feel it necessary to address that point directly here, in order to arrive at what I feel is a fair outcome.

Mrs T has explained that she feels that my provisional decision letter didn't address all of her complaint points. I've reviewed the complaint points that Mrs T has reiterated, and I feel that the only one that may not have been covered in my provisional decision letter is Mrs T's complaint that NatWest incorrectly advised her that she had to open a business account in order to apply for a bounce back loan.

However, NatWest were entitled by the rules of the BBL scheme to stipulate that a NatWest business account – in this case, an LFA – must be in place to facilitate the BBL, and so I don't feel that NatWest have acted unfairly towards Mrs T in this regard.

In regards to the other complaint points that Mrs T draws attention to, I feel that these have been addressed by my provisional decision directly, and so in regard to those I don't address further in the following paragraphs, I would refer Mrs T to my provisional decision in regard to my continuing position on those complaint points.

Mrs T has reiterated her assertion that she did apply for a BCA and didn't apply for an LFA in September 2020. And Mrs T states that she has evidenced this point. However, I don't feel that Mrs T has evidenced this point as she believes, and while it's clear that there has been considerable confusion surrounding this point, I haven't seen anything in Mrs T's submissions to this service which leads me away from the conclusion that Mrs T did in fact apply for a LFA in September 2020. And I reiterate again the three points detailed in my provisional decision letter above which I contribute towards my reaching this conclusion.

I've also asked NatWest directly whether it was the case – as Mrs T contends – that Mrs T was incorrectly allowed to apply for a BCA, and whether that application was then amended into being an LFA application when it was realised that the hold that NatWest had placed on BCA applications meant that Mrs T should never have been allowed to apply for a BCA.

NatWest have confirmed that they have no evidence of this, and as explained previously, I've also seen no evidence of this in any of the information or evidence presented to me. NatWest have also confirmed that an application can't be amended to a different product, and that as such if it were the case that Mrs T had applied for a BCA, that application would have had to have been cancelled and a new application for a LFA submitted. But that wasn't what happened here, and I'm satisfied that this was because Mrs T did apply for a LFA in the first instance, although I accept that Mrs T may not have been fully aware of the nature of the business bank account that she'd applied for.

Even if it were the case that Mrs T did apply for a BCA as she contends – which as explained above, I'm satisfied wasn't the case – I wouldn't consider NatWest as having acted unfairly towards Mrs T by not allowing her to continue with that application, given that they weren't accepting new applications of that type at that time.

But Mrs T had stated to NatWest that she wanted a BBL, and as explained it was a condition of NatWest that some form of NatWest business account be in place to facilitate any BBL applied for with them. So it seems to me that the actual outcome here, which is that Mrs T applied for an LFA – which she needed in order to enable any BBL application to be potentially successful – and not a BCA – which Mrs T couldn't apply for at that time as previously explained – is the only outcome that could have reasonably occurred.

Mrs T also feels that my statement that she didn't chase the matter with NatWest for several months is unfair, and notes that she continuously checked the status of her application in her online account, which stated that no further action was required of her.

I apologise if Mrs T was upset by the language I used in this regard. But I feel that the point I raised about her being told by NatWest during the telephone call in November 2020 that her application was on hold pending the receipt of further information from her remains valid, especially if this was in contradiction to the information displayed to her in her online account. And while it may have been the case that Mrs T's online account displayed inaccurate information, I feel that the £500 offered to Mrs T by NatWest already provides sufficient compensation for this and the other failings which NatWest don't dispute did occur.

Finally, Mrs T has explained that she feels that some of the issues she's experienced are as a result of NatWest failing to distinguish between applications for new business accounts she made in regards to her two separate companies. However, I haven't seen any evidence that this was the case, and NatWest have also confirmed that no mix up of this sort occurred and that Mrs T's application for a BCA with her other company – which was made at a later time and when NatWest were accepting new BCA applications – was successful.

And while I note that Mrs T has explained that she was told by a NatWest agent in April 2021 that they had cancelled an application of hers because they'd seen that she'd taken out a BCA already – with her other company – all the information provided to me by NatWest confirms that Mrs T's application for an LFA – the application under consideration here – was cancelled via an automated process after the application didn't move forwards for a period of 90-days because required documents needed to progress the application weren't received.

Ultimately, I continue to feel that the key point here is that a different outcome to that which actually occurred couldn't reasonably have taken place. This is not only because Mrs T couldn't apply for a BCA for the reasons already explained, but also because NatWest have confirmed that Mrs T's BBL application wouldn't have been successful on the basis of the information that they had.

One reason for this is that NatWest didn't have evidence of the business turnover that Mrs T had self-declared. And while I appreciate that Mrs T has stated that she had personal bank statements with another bank that confirmed her business turnover, it was a requirement of a BBL that proof of declared business turnover be provided. And while Mrs T may contend that she was never asked specifically by NatWest for those third-party bank statements, I feel that this was stipulated both in the application requirements of the BBL and also explained to Mrs T by NatWest during the aforementioned telephone call in November 2020.

All of which means that it remains my position that the response that NatWest have already issued to Mrs T regarding this complaint, including the offer of £500 compensation for the poor customer journey she experienced here, does already represent a fair and reasonable resolution to what's happened here. And I don't feel that NatWest should be instructed to make any further payments of compensation, or take any restorative or corrective action, in regard to any other aspects of Mrs T's complaint.

I realise this won't be the outcome that Mrs T was wanting, but it follows from all that above that while my final decision here will be that I will be upholding this complaint in her favour, I'll only be doing so in order to formalise the £500 offer of compensation that NatWest have already made to her. I hope Mrs T will understand, given all that I've explained, why I've made the final decision that I have.

### **Putting things right**

NatWest must pay compensation totalling £500 to Mrs T

### **My final decision**

My final decision is that I uphold this complaint against National Westminster Bank Plc on the basis explained above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs T to accept or reject my decision before 11 November 2022.

Paul Cooper  
**Ombudsman**