

The complaint

A company, which I'll refer to as R, complains about the way National Westminster Bank Plc closed one of its bank accounts.

Miss O brings the complaint on R's behalf.

What happened

Miss O told us:

- Up until March 2020, R received regular statements for the bank account at the centre of this dispute. No further statements arrived after March 2020 – and nor did any other correspondence. R did not receive any notification of an account closure.
- Towards the end of 2020 R's accountant asked for three months of statements from R's NatWest Business Reserve account. She contacted NatWest by phone, only to be told that NatWest could not trace the account at all. That was extremely worrying given that the account contained over £150,000.
- After speaking to several different members of NatWest's staff, she finally discovered that the bank considered the account to be dormant.
- NatWest told her that the matter could not be resolved over the phone, and she and a director would have to go into a branch. This was during the height of the pandemic, and the director was clinically vulnerable. They did as NatWest asked and made a branch visit, only to be told the branch staff could not help.
- NatWest eventually provided R's directors with forms to reclaim the money in the account, but then said the form it had given them was the wrong form. There were later difficulties with NatWest saying they had filled out forms incorrectly – but it turned out that was because R's directors had left the sections relating to charities and public limited companies blank. R is neither a charity nor a public limited company, so those sections were not applicable.
- NatWest did eventually return R's money, but only after she had R's directors had spoken with well over 20 different NatWest staff members, been given the wrong information on multiple occasions, made entirely unnecessary branch visits, and overall received abysmal service.
- The compensation NatWest has offered – initially £300, then later increased to £400 – in no way reflects the time it has taken for R to resolve the matter, and does nothing to address R's financial losses. In addition, NatWest has not even explained how it has calculated that figure.

NatWest told us:

- The account became dormant because there were no transactions on it for a period of five years. Interest was added to the account, but there were no other payments into the account and no withdrawals.
- Once an account becomes dormant, its process is to write to its customer and provide options to retain the account, close the account, or transfer to an alternative product. If it does not receive a response to its letter, it will close the account.
- It is very sorry that R was not notified that the account had become dormant. Its records show that it did send a dormancy notification to R, but it accepts that R's representatives have not been able to trace that notification.
- It has since released the balance of the account to R, and it has also paid interest from the date of dormancy to the date of reclaim. However, it accepts that R received very poor service from the bank, and it fully appreciates R's directors' dismay at the situation.
- Overall, it considers that a payment of £400 represents fair compensation for its poor customer service.

One of our investigators looked at this complaint. Briefly, he said:

- He didn't know what had happened to the dormancy notification, but he accepted that R did not receive it. He thought that if R had received the notice, R's directors would have acted immediately.
- He thought NatWest was entitled to close R's account due to dormancy, but he agreed that its subsequent customer service had been poor. It should have been much easier for R to reclaim its money.
- However, he didn't think R had suffered any financial loss as a result of NatWest's customer service errors. He accepted that the income R had received from Miss O's work had been lower in November 2020 than it had been in November 2019, but he didn't think that was sufficient to show that NatWest's poor service had directly led to a loss for R. He thought there were numerous other factors that might account for the variability in R's income.
- He understood that R's directors and employees were distressed, particularly when NatWest told them it could find no trace of R's money, but the complainant here is R rather than its directors or employees. As a limited company (rather than a natural person) R is not capable of suffering distress, and so the Financial Ombudsman Service cannot make an award to compensate R for distress or suffering.
- We can make an award for the inconvenience R has suffered, but he thought the offer NatWest had already made was fair in the circumstances.

Miss O did not agree with our investigator's conclusions, so the matter was referred to me.

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 am sorry to further disappoint Miss O, but having done so there is very little I can add to what our investigator has already said.

Everyone accepts that the service NatWest provided to R was poor. The dispute is now about how much compensation R should receive for the impact of that poor service.

I've carefully considered everything R's representative has said, but I'm not persuaded that NatWest's mistakes caused R to suffer a financial loss. I note:

- Whilst NatWest's mistakes meant R spent several months without access to its own money, I haven't seen any evidence to suggest that R needed to access the money over that period. I accept that it *might* have needed access, but in the event I don't think it did. I'm mindful that R had not made any withdrawals from the disputed account for several years.
- I don't think NatWest's mistakes caused R to earn less money during 2020 and early 2021 than it had in the equivalent period the previous year.
- NatWest has since returned all the money that was in the disputed account to R.

Our investigator was right to say that I have no power to make an award for the distress suffered by R's directors or employees.

R did suffer inconvenience, in that NatWest made it more difficult than it should have been for R's employees and directors to recover R's money. Taking into account our published guidelines, and applying my own judgement, I am satisfied that the amount NatWest has already offered does represent fair compensation for that inconvenience. I will not ask it to do anything more.

Putting things right

If it has not already done so, National Westminster Bank Plc must pay £400 to R.

My final decision

My final decision is that National Westminster Bank Plc's offer of £400 is fair and reasonable in all the circumstances of the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask R to accept or reject my decision before 11 November 2022.

Laura Colman
Ombudsman