

The complaint

Mrs H complains about the way National Westminster Bank Plc has carried out its business profile review of a trust, which I will call M.

Mrs H complains in her capacity as a trustee of M.

What happened

Mrs H told us:

- NatWest wrote to her in late February 2022 asking her to update information on the “*business profile*” for M. She has done her best to provide everything NatWest asked for, but the goalposts keep moving. NatWest should have listed all the documents it needed at the start, but instead the process continued for many months. NatWest continued to ask for documents even after she had provided them.
- Whilst many of the NatWest staff she spoke with were kind, they had little understanding of the way a trust like M works. The process would have been easier if she’d had a single point of contact.
- NatWest’s letters were threatening, caused her significant stress, and led to a decline in her mental health – to the point that she now takes medication. She believes NatWest’s actions amount to harassment and bullying.
- She has personally incurred expenses in trying to resolve matters. As an example, she has had to drive around collecting various documents and taking those documents to professionals to be verified.

NatWest told us:

- It has a regulatory duty to ensure that it holds information on people connected to M – including people who do not have any control of the day to day running of the trust.
- Where possible, it will attempt to verify people’s identity without requiring them to do anything. But that is not always possible, particularly (but not exclusively) for people who live overseas. In this case it has needed to request documentation in respect of both the trust itself and people associated with the trust.
- It accepts that it did cause confusion, in that it initially told Mrs H that there was no need to worry about providing identity verification evidence for some people that in fact it did need to verify.
- In addition, it received the trust deed for M in July 2022, but it continued to request that same document for some weeks. It has already paid £200 into M’s account to apologise for that error.

One of our investigators looked at this complaint. She said it was clear NatWest's actions had caused Mrs H significant stress, but she didn't think it had done anything wrong in asking for information. She also thought the letters NatWest had sent used a standard format, were sent to all customers in Mrs H's position, and were not intended to threaten Mrs H.

However, our investigator noted that NatWest had received further information about M in November 2022 but had been unable to do anything with it due to IT issues. Our investigator thought NatWest should pay a further £150 for the inconvenience and stress caused by its delay in processing that information.

NatWest accepted our investigator's opinion, but Mrs H did not. Briefly, she said:

- NatWest continued to bully and harass her right up until March 2023, when she finally received an email confirming that the Business Profile was complete.
- NatWest should have asked for all the information it needed at once, and should also have allowed her to deal with a single person.
- She understands that the Financial Ombudsman Service is unable to interfere with NatWest's operational processes, but she considers we should still advise it to review the way it handles trust accounts.
- The offer of a further payment of £150 in compensation is an insult. She has spent over 40 hours dealing with this issue, it has impacted her health, and she believes further compensation of around £1,500 would be fair.

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'm sorry to further disappoint Mrs H, but there is very little I can add to what our investigator has already said. NatWest did not handle this matter as well as it should have done, but I think the compensation it has offered (of £150 in addition to the £200 it has already paid) does represent a fair outcome.

I acknowledge that Mrs H wants NatWest's processes to be upgraded so that nobody else has to suffer the stress she has been through, but as an ombudsman I do not have the power to require NatWest to change its processes more generally. I do not have the powers of the regulator, and I can only consider the individual complaint in front of me. Where I think a complainant has been treated unfairly, I can order the business to put the matter right for that individual complaint only.

Here, I do not criticise any of NatWest's requests for information. All banks have considerable commercial discretion in the way they choose to comply with their regulatory responsibilities, and I see no reason here for me to interfere with NatWest's exercise of that discretion. I know Mrs H has questioned whether NatWest needs information from her parents (who, as settlors of the trust, are not now allowed to have any involvement in it) as well as from other family members who have no control over the trust's assets. But I consider that NatWest was entitled to ask for the information it did. That means I don't think it would be fair for me to award compensation for the difficulties Mrs H experienced in obtaining that information.

Similarly, I do not criticise NatWest for the tone of its letters. Banks in the UK are strictly regulated, and there are situations where a bank like NatWest might be legally required to place restrictions on an account. I am sorry that Mrs H found NatWest's letters distressing, but I consider that it was reasonable for the bank to tell her what the consequences would be if it did not receive the information it needed.

I acknowledge that Mrs H would have strongly preferred NatWest to have made all of its information requests upfront. But I also acknowledge that NatWest may need to review documentation before it can say what else it needs. I don't think it would be realistically possible for NatWest to always produce a complete list of necessary documentation before beginning its review.

In the main I think NatWest has treated M's trustees fairly. However, there were some unnecessary delays – in particular when it failed to properly process the trust document, and when its IT problems prevented it from processing the information it received in November 2022. NatWest should compensate M's trustees for those issues.

Putting things right

Having considered all the circumstances, I think a total payment of £350 does represent fair compensation for the unnecessary delays NatWest caused. NatWest has already paid £200, so it should pay another £150 to put the matter right.

Mrs H is complaining in her capacity as a trustee of M, so payment should be made to M's account. It will then be for the trustees of M to decide how to distribute the payment.

I know Mrs H will be very unhappy with the outcome of this complaint, but I want to stress that my award is only intended to compensate for the consequences of the errors NatWest has made. It is not intended to compensate for the inconvenience of having to provide the information the bank requested, because I don't think NatWest did anything wrong in asking for that information.

My final decision

My final decision is that I order National Westminster Bank Plc to pay the trustees of M an additional £150.

Under the rules of the Financial Ombudsman Service, I'm required to ask M to accept or reject my decision before 22 May 2023.

Laura Colman
Ombudsman