

The complaint

A company which I will refer to as R, complains that National Westminster Bank Plc, didn't place money on a treasury deposit account when it was asked to. R says that as a result, it lost out on interest.

Mr P who is a director of R, brings the complaint on R's behalf.

What happened

On 14 October 2022, R contacted NatWest to place a substantial sum of money on treasury deposit for a four-month fixed term. The interest rate quoted was 2.6%. The monies weren't however, placed on deposit until 25 October 2022. And the interest rate applied was 2.5%.

NatWest accepted that it had caused delays in placing the monies on deposit. And it offered to compensate R for the loss of interest caused as a result of its delays. It also agreed to compensate R for the interest lost as a result of the monies being transferred prior from its 35-day notice account, into its business reserve account which had a lower rate of interest. It calculated the loss of interest to be a total of £1,146.67. NatWest also offered £150 compensation for the inconvenience caused to R.

Mr P raised his concerns on behalf of R as he didn't think the way NatWest had calculated compensation was correct. His concerns were looked into by one of our investigators. They explained why they thought the compensation offered by NatWest was fair, as it put R back into the position it would have been in, had the error not happened.

Mr P didn't agree. And there were further exchanges of correspondence between Mr P and the investigator. Mr P explained why he didn't think NatWest's offer fully compensated R, and the investigator explained why they thought it did.

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 clear to me from everything I've seen that the placing of R's monies onto a four-month fixed term treasury deposit account was delayed. And NatWest has accepted responsibility for that delay as well as for the monies being incorrectly moved from the 35-day notice account. So, the key issue I need to consider is whether what NatWest has offered to put things right, is fair and reasonable.

Any compensation should, as far as is practicably possible, put R back in the position it would have been in if the mistakes hadn't been made. So, I've considered the offer NatWest has made and its explanation of how that has been calculated.

Mr P argues that the monies would have been invested for the 11-day period at 2.6%. So, he thinks the way NatWest has calculated compensation is incorrect and that more

compensation is due. But I don't agree that the way NatWest has calculated R's loss of interest is unreasonable or unfair.

I say that because NatWest has provided figures for the difference in interest between the monies being held initially in the 35-day notice account and the business reserve account for 11 days before it was placed onto the four-month fixed term treasury deposit account. The difference was 0.3% and amounted to £356.98. So, it has offered compensation for the period of time the monies weren't in the business reserve account, before they were placed on the treasury deposit account on 25 October 2022.

It has then provided the figures for the interest accrued for the monies placed on the treasury deposit four-month fixed term at the rate of 2.5% from 25 October 2022. And it has compared that with what the monies placed on the treasury deposit would have accrued by way of interest, if it had been invested from 14 October 2022 using a fixed rate of 2.6% for a four-month fixed term.

That doesn't seem to me to be an unreasonable way for NatWest to have calculated R's loss of interest and the compensation due to it. I say that because the methodology it has used compares the actual position R found itself in as a result of the delays, with the interest that would have accrued if the monies hadn't been moved from the 35-day notice account and had been placed on the higher treasury deposit rate on the 14 October 2022. And that is what I would expect NatWest to do in the circumstances.

I can understand that the operation of R would have been impacted to some extent as a result of Mr P having to resolve this issue with NatWest on R's behalf. And I think the inconvenience offer of £150 NatWest has made is sufficient to compensate R for the impact of that inconvenience.

My final decision

National Westminster Bank Plc has already made an offer to pay £1,146.67 in respect of lost interest and £150 in respect of inconvenience caused to R to settle the complaint, and I think this offer is fair in all the circumstances. So, my decision is that National Westminster Bank Plc should, only if it hasn't already done so, pay £1,296.67 if Mr P accepts my decision on behalf of R.

Under the rules of the Financial Ombudsman Service, I'm required to ask R to accept or reject my decision before 24 April 2023.

Simon Dibble
Ombudsman