

The complaint

A has complained about the way National Westminster Bank Plc managed the process to update their business profile that ultimately led to their business account being closed.

The complaint has been made by Mr G on behalf of A, so I will mostly be referring to Mr G in this decision.

What happened

Nat West first contacted A in March 2020 asking for the business profile to be updated. The need for this to be completed was relaxed at that time due to the pandemic. But by October 2020 Nat West had sent out a reminder for it to be completed. Further reminders were then sent out each month until May 2021 and then a hold was placed on the account on 1 June 2021. Mr G complained that he hadn't been sent the necessary forms to complete. Nat West upheld his complaint. It removed the restrictions from the account and paid him £500 compensation.

The subject of this complaint is what occurred after that.

Mr G uploaded the necessary forms – a declaration of beneficial ownership (DOBO) and a structure chart – to the online portal on 18 July 2021.

Between August 2021 and May 2022 Mr G received regular reminder letters that information was still outstanding. He was in contact with the complaints team about this as he believed that he had completed the forms correctly.

The account was put on hold in May 2022 and Mr G was advised in July 2022 that the account would be closed. Between 23 May 2022 and 14 December 2022 (when Mr G received a cheque for the account balance) Mr G had no access to the funds in the account.

Our investigator upheld the complaint. Whilst he thought it was reasonable that the account had been closed, he thought that Nat West hadn't communicated well with Mr G and that it had taken too long to return his money. He therefore recommended that Nat West should pay £400 compensation for reputational damage, £239.69 for financial loss and refund bank charges of £61.05.

Nat West agreed to refund the bank charges as a gesture of goodwill. But overall, both Nat West and Mr G disagree with the investigator's opinion and so the complaint has been passed to me for a 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.

The forms were not being accepted by Nat West because Mr G had signed them himself as the director of the company. Whilst that would be acceptable in the vast majority of cases,

because there was a trust (Mr G's pension scheme) involved in the company set up, it was a requirement that they be signed by a lawyer or an accountant.

As mentioned above, Nat West first started to contact Mr G in March 2020 to update A's business profile and he was sent reminder letters between October 2020 and May 2021. From what I've seen, some of these letters were longer versions that contained a return slip and more detailed information about what was required in terms of certifying documents. They mention that, where the company structure includes a nominated shareholder, the certification can only be provided by a regulated solicitor or accountant.

But Mr G hadn't received copies of the forms to fill in at that point. When he was sent the documents on 5 July 2021, they were templated forms. The related guidance notes say that the forms can be signed by a company director/lawyer/accountant. So it's unsurprising that Mr G simply followed the instructions and signed the forms himself, rather than referring back to any previous correspondence he had been sent. Additionally, he didn't think that his pension trust constituted a 'nominated shareholder' anyway.

I've listened to a call from 21 July 2021 when Mr G rang Nat West to find out why the forms had been rejected. The adviser reads the notes and says that the forms themselves were fine but that, because they mention nominee shareholdings, they need to be signed by a lawyer or accountant.

Mr G challenges this and says that the template doesn't say that, but it does say that he can sign it as a company director. The adviser agrees with that and says that would normally be fine, but even though it's an issue he hasn't personally come across before, the reason given is because there's a nominee shareholding. So, even though Mr G disagreed with it, at this point he was made aware that the reason his forms were being rejected was because they hadn't been signed by a lawyer or accountant.

The adviser says he will refer the matter higher up for review and will unblock the account in the meantime. Mr G is told to keep checking online to see if the documents get accepted at some point. He contacted the complaints team shortly afterwards and was told that the information provided was under review and that they will let him know if anything further is required.

From August 2021 to May 2022 Mr G received monthly reminder letters about completing the business profile process. These letters gave a contact phone number for the review team and asked him to get in touch if he needed help. Mr G's reason for not responding to any of these letters directly was because he contacted the complaints team again in October 2021, saying he was under the impression the matter had been dealt with. He received a reply saying that: *'... the review team has advised that due to their being a presence of Trust in the structure they are awaiting on further guidance in a way forward to complete the review.'* and *'If there is anything further required, the review team will call you.'*

Therefore, I appreciate that in October 2022 Mr G thought that the matter was still being considered and that he had an expectation of being contacted by phone. He knew what the issue was, but from his point of view, the review was to decide if the forms signed by him were acceptable after all. However, upon continuing to receive chaser letters, Mr G should perhaps have known that something wasn't right.

The final reminder letter dated 23 May 2022 says that restrictions will be applied and the account was frozen the same day.

I consider that Mr G could probably have acted earlier and made direct contact with the review team between November 2021 and May 2022. Having said that, the situation is largely the result of issues with Nat West's communication.

Nat West's letters were generic reminder letters and did not mention the specific information that was still required. Similarly, the online portal just says that the documents have been declined without giving a reason. I appreciate that these processes are automated and so not necessarily tailored to individual customers. But this didn't help Mr G to understand what he was being asked for.

Anyone looking at the templated documents and the associated guidance would be reasonably confident that a company director was an authorised signatory of the DOBO and the structure chart. The instructions don't signpost the applicant to any exceptions relating to this. Whilst the relevant details do appear elsewhere, such as in the online FAQs section, Mr G would only have been prompted to look there if he'd been unsure about how to complete parts of the form.

Nat West mentioned a nominee shareholder but didn't expand on who or what that was. Mr G says at one point it was explained to him that there was someone with a significant influence on the business that it needed more information on but he wasn't told what that meant. Mr G says his accountant has confirmed that there is no nominee shareholder. Nat West could have made it clear that it was talking about the pension trust.

There was no co-ordination between the complaints team and the business profile review team. Whilst the complaints team thought the review team had undertaken to call Mr G if more information was needed, no contact was made with him beyond the generic reminder letters. And Mr G was told by the complaints team that the information he had provided was still under review and that it would monitor that review.

Therefore, whilst I consider it reasonable that Nat West required these documents to be signed by a lawyer or an accountant, it provided unclear and contradictory information and failed to adequately manage the process.

Although Mr G did subsequently provide the documents signed by his accountant, it was after the 'exit' process had been initiated to close the account. As Nat West uses a third party to implement account closures, the decision can't be overturned after a certain point unless there are exceptional circumstances. Nat West maintained its decision to close the account on the basis of Mr G's non-engagement from October 2021 to May 2022.

On balance, I agree with our investigator that it was reasonable for Nat West to close the account, in accordance with its standard procedures. Nat West agrees that there was some delay which meant that Mr G didn't have access to his funds as quickly as he should have.

The account went on hold in May 2022. Mr G was told by the complaints team in July 2022 that a decision had been made to close the account but he wasn't given any details of what that entailed. A closure letter was sent at the end of August 2022 which, to some extent, seems to have been prompted by contact from this service.

There was a lot of uncertainty during this period with Mr G not knowing what the timescales for closing the account were and therefore when he would be in a position to open a new account.

A suffered some reputational damage as a result of not being able to pay certain bills on time. I've thought very carefully about what both Nat West and Mr G have said about the

level of compensation that should be applied in relation to this. On balance, I agree with our investigator that £400 is a reasonable and proportionate amount.

There were also some financial consequences to A not having access to the account. Mr T has provided evidence that he was charged late payment fees of £236.69 and it would therefore be reasonable for Nat West to cover these costs.

Nat West also applied bank charges of £60 for five failed standing orders. It accepts that these were incurred due to the account being on hold and Mr G therefore not having access to amend the standing orders. As previously mentioned, Nat West has already offered to refund this amount. But it should be noted that our investigator has recommended a refund of £61.05 which includes a £1.05 account fee.

My final decision

For the reasons set out above, I uphold the complaint and require National Westminster Bank Plc to pay A a total of £700.74 for reputational damage, financial loss and a refund of bank charges.

Under the rules of the Financial Ombudsman Service, I'm required to ask A to accept or reject my decision before 15 August 2023.

Carole Clark

Ombudsman