

The complaint

Mr C complains about the service he received from National Westminster Bank Plc following the winding-up of a trust.

What happened

Mr C's father set up a trust in his will. There were two trustees including Mr C, and they were the sole beneficiaries of the trust. Following his father's death, Mr C and the other trustee opened an account with NatWest as trustees of the trust. After the death of the other trustee, the trust was wound up.

Mr C has told us that in October 2020 he visited a branch of NatWest and provided copies of the other trustee and beneficiary's death certificate and probate. He says he was led to believe that the account would simply continue in his sole name. He also asked NatWest to send regular statements for the account.

In May 2022 NatWest wrote to Mr C to say it would be closing the account. Mr C says he didn't receive that letter, but he replied when NatWest wrote to him again in July 2022. Mr C explained that following the death of the only other trustee and beneficiary, the trust had ended, and he was now the sole trustee and beneficiary. He said he'd already provided a copy of the other trustee and beneficiary's probate. NatWest didn't reply to Mr C's letter. After sending a further reminder about the closure, it closed the account in early November 2022.

NatWest told Mr C that it would issue a cheque in the name of the trust for the closing balance. But since the trust had been wound up, Mr C couldn't open another account in the trust's name. In a letter to Mr C in December 2022 NatWest said that in order to release the remaining balance in the account to him, it would need a copy of the death certificate of the other trustee and beneficiary and a signed letter from Mr C confirming that he was now the sole beneficiary and trustee. It repeated this request in March 2023, acknowledging that Mr C had mentioned that he'd provided a copy to the branch in October 2020, but explaining that it would no longer have the copy, due to the passage of time.

NatWest eventually paid the closing balance to Mr C in late October 2023.

After Mr C brought his complaint to this service, NatWest said it was sorry for the inconvenience that Mr C had experienced. It offered to pay him £500 compensation for this. And it offered to pay interest at 8% on the closing balance in the account from the date of closure until the date the money was paid out to Mr C.

Mr C wasn't satisfied with NatWest's offer. He explained that he believed that the arbitrary closure of accounts was a widespread problem and that a decision in his favour could potentially help others. He was also dissatisfied that the £500 offered by the bank implied that it valued his time inappropriately cheaply, given the amount of time he'd had to spend sorting things out.

One of our investigators considered the complaint. Having done so, he said, in summary, that he understood Mr C's frustration, but he thought what NatWest had already offered to do was reasonable.

Mr C didn't agree with the investigator's view, so the complaint's been passed 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.

It isn't in dispute that Mr C received poor service from NatWest. NatWest has offered to compensate Mr C for that. I need to decide whether what it's offered to do is enough, given the inconvenience that Mr C experienced.

Mr C has said that he'd like NatWest's failings in dealing with his situation to be spelt out. In reaching my decision, I've taken into account everything that Mr C has said, but I'll focus here on what I consider to be the key aspects of the complaint, in line with our role as an informal dispute resolution service.

Mr C has commented that the account was closed "arbitrarily". But I'm satisfied that NatWest was entitled to make a commercial decision not to continue to provide a given type of account. And it gave Mr C notice as required. The account was originally in the names of Mr C and the other trustee, as trustees of the trust. The issue here is that NatWest should have explained to Mr C that it wouldn't be possible simply to convert the account into a personal account in his name. Rather, the trustee account would need to be closed and a new account opened in Mr C's name. That didn't happen, and the account remained as a trust account, with the ultimate result that it was closed after NatWest decided to stop providing that type of account.

The first Mr C knew of NatWest's intention to close the account was in July 2022. Between then and October 2023 when he finally received the closing balance from the account, he had to contact NatWest numerous times. This would inevitably have been inconvenient and time-consuming for Mr C. NatWest exacerbated the situation further by such things as not sending Mr C a statement, when he repeatedly asked for one, and addressing a letter to his late mother even though he'd informed it that she'd died some years before. I can also understand Mr C's frustration that NatWest asked him to provide documents that he'd already provided and repeatedly appeared to overlook the fact that he'd explained clearly that he was the sole surviving trustee and beneficiary of the trust.

As I know Mr C appreciates, we are not a regulator, and don't have the power to tell financial businesses to change the way they do things. Nor is it our role to fine or punish a financial business. I don't doubt that NatWest's handling of the account and its closure has caused Mr C inconvenience and frustration. And that inconvenience was spread over a considerable time. What's more, Mr C didn't have access to the money in the account between the date when it was closed and the date when NatWest paid him the closing balance.

But having thought carefully about everything that's been said, I consider NatWest's offer to pay Mr C £500 to apologise for the inconvenience he experienced to be fair. And its offer to pay interest on the closing balance for period when Mr C didn't have access to the money is, in my view, reasonable. I realise that Mr C will be disappointed with my decision, but I'm not persuaded that I can fairly require NatWest to do more than it's already offered to do to put things right.

Putting things right

To put things right, NatWest should do the following, as it has offered to do:

- Pay Mr C £500 to reflect the inconvenience he experienced as a result of NatWest's poor service.
- Pay Mr C simple interest on the closing balance in the account, calculated at a rate of 8% per annum* from the date on which the account was closed until the date the closing balance was paid to Mr C.

*If NatWest considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr C how much it's taken off. It should also give Mr C a tax deduction certificate if he asks for one, so that he can reclaim the tax from HM Revenue & Customs if appropriate.

My final decision

My final decision is that I uphold this complaint. I require National Westminster Bank Plc to put things right by doing as I've set out above, as it has offered to do.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 17 April 2024.

Juliet Collins
Ombudsman