

The complaint

Mr M on behalf of N complains about the way National Westminster Bank Plc (NatWest) handled payments from N's business' account.

What happened

As Mr M complains on behalf of his business, N, any references to Mr M includes N.

Mr M attempted to make payments from N's currency account with NatWest to the HMRC to pay its corporation tax. He said he visited two different NatWest branches to make the payments, but they were rejected due to branch staff not completing compliance checks correctly. Mr M also says N's online banking was blocked for several days and he could not make any transfers whatsoever.

Mr M complained to the bank that the error caused a loss of £3,347.90 due to foreign exchange rate fluctuations. He said N missed the deadline to pay the tax bill and HMRC charge 7.75% for late payments. Mr M also said the error would cause N reputational damage with the HMRC and FCA.

NatWest acknowledged that N lost out due to the foreign exchange rate differences. And it paid it £3,500 to reimburse the loss and to compensate for the inconvenience and distress caused.

NatWest also said it would consider reimbursing any late payment charges incurred if Mr M provided evidence of the costs. And to alleviate any reputational damage, it also offered to draft a letter to explain what happened.

Mr M brought the complaint to our service because he thought NatWest's offer of compensation was too low. He said that time was wasted when he had to go to three branches on three different days to complete the transactions and resolve the matter. Mr M said the mistake caused him a significant amount of stress and business disruption.

Our investigator upheld the complaint and asked NatWest to increase the compensation it offered to £400 for the operational disruption and trouble caused. However, he thought its offer to write a letter to offset any reputational damage and to cover any charges N incurred from HMRC was reasonable.

Mr M doesn't think £400 adequately compensates for the time wasted and the significant distress and worry caused. As an agreement could not be reached, the complaint has been passed to me to decide.

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 want to reassure Mr M that I've taken into account everything he said about what happened, and the impact it had. However, if there's something I've not mentioned, it isn't

because I've ignored it, I haven't. Instead, I have focused on explaining what is key to my decision. This simply reflects the informal nature of our service as a free alternative to the courts.

NatWest has already acknowledged that there were errors made in the processing of the transactions. So, what I must consider is whether it's done enough to put things right for N. Having done so, I agree with the conclusions reached by the investigator, and I'll explain why.

When things go wrong, we expect a business to put them right, and usually ask it to put the complainant back in the position they would have been in had the error not occurred. It must therefore ensure the complainant hasn't lost out financially and address any practical impact its error has had.

NatWest accepts that N lost £3,347.90 due to the difference in exchange rate by the time the issue was resolved, and I find it's payment of £3,500 more than covers this cost.

N hasn't provided evidence it was charged a late payment fee by HMRC. Nevertheless, NatWest has said it would consider reimbursing any charges, if N provided evidence that it incurred this loss and I find that reasonable.

I have not seen evidence of any impact to N's reputation because of the late payment of its corporation tax. And I wouldn't expect NatWest to compensate for what Mr M speculates could happen. Nevertheless, NatWest offered to issue a letter to explain what has occurred and that could be presented to the FCA or HMRC if needed. And I find that reasonable and should go some way to answer questions either organisation may have regarding the late payment.

I accept that Mr M had to visit the branch and phoned NatWest to try to resolve the matter. I think it's important for me to explain that we do not compensate based on an hourly rate. Other than the inconvenience this would have caused N, I haven't seen evidence of a financial loss, except as a result of the foreign exchange rate movement which I'm satisfied NatWest's offer fairly addresses. Ultimately, I'm satisfied N hasn't been left out of pocket because of the mistakes made.

Considering the large amount of money involved and the potential fine Mr M says N could have incurred, I can understand the worry he would have felt. I also appreciate that he was inconvenienced by the situation. However, Mr M is not the eligible complainant here, so I can't tell the bank to compensate him personally for the inconvenience and upset he was caused.

The eligible complainant in this case is N, which is not a natural person and isn't able to feel distress and worry as a person might, therefore I wouldn't expect the bank to compensate it for this. However, I would expect NatWest to address any inconvenience to N and I've thought about whether its payment of roughly £150 fairly compensates N for the inconvenience it experienced, and I'm not persuaded it does. I think it's fair to say that the time Mr M spent to try to have the matter rectified, is time taken away from N. Considering this, I'm satisfied a total of £400 compensation fairly addresses any disruption to N's normal activities.

My final decision

For the reasons given above, my final decision is that I uphold this complaint and I require National Westminster Bank Plc to pay an additional £247.90, making that a total £400 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask N to accept or reject my decision before 8 July 2024.

Oluwatobi Balogun
Ombudsman