

## **The complaint**

The trustees of a trust, that I will refer to as W, complain about the service provided by National Westminster Bank Plc during a customer review process and that W's account was frozen for around five months.

Ms M, a trustee of W, brings the complaint on behalf of the other trustees.

## **What happened**

Although both parties are aware of the circumstances, I have provided the background to this complaint in some detail. However, I have not tried to capture this detail exhaustively.

W is a trust, however it holds a business bank account with National Westminster Bank Plc (NatWest). In August 2021, NatWest sent W a letter asking it to update the accounts business profile as part of a customer review process. This letter said:

“We are aware that as a Trust, understanding what you need to provide can sometimes be complicated. We therefore advise that when you are ready to provide the information, you call us ... so that we can organise an interview with one of our trained staff to support you...”

Ms M called NatWest and spoke to an advisor who managed to help with the initial stages of the review process. However, Ms M was advised that she needed to upload a copy of the trust deed and to complete a templated declaration of beneficial ownership (DOBO) document. At the suggestion of the call handler, other changes were made to the account at this time, to remove the beneficiaries and some other account holders. These changes were made because these parties had no control over the trust or account, and because having them provide identity documents would be difficult due to their personal circumstances.

Due to her own personal circumstances, Ms M did not upload these forms immediately and called NatWest again in October 2021. Again, she was provided with assistance. However, she was informed in this call that the deed needed to be certified before being uploaded. Ms M was unhappy with this, but the deed was ultimately certified and uploaded a short time later. However, the DOBO was not completed and uploaded at this time.

NatWest sent Ms M a number of reminders that there was outstanding information. One of these letters set out that where there had been no amendments made to the trust deed NatWest already held, all that was necessary was the completion of a “Confirmation Nothing Has Changed Form”. This form was in “appendix 1” of the document Ms M had been instructed to complete, however the NatWest agent in the August 2021 call had instructed Ms M to ignore appendix 1 and instead just complete the documents referred to in appendix 2. These documents were the trust deed and DOBO.

Ms M says that the DOBO was sent in on 25 January 2022. NatWest has said that the document was outstanding until Ms M made contact with the review team on 7 March 2022. However, there is no record of this contact. The account had initially been frozen for a month (3 February to 7 March 2022) due to Ms M having missed the deadline for supplying this document. But was unfrozen when this was processed.

In early April 2022, Ms M spoke to NatWest and provided the details of the beneficiaries as requested. Their contact information was given as being 'care of' Ms M and the other main trustee. Later that month NatWest wrote to Ms M and attempted to call her, as further information was needed. Recordings of these missed calls have been provided. The letter said that if NatWest was unable to speak to Ms M by 31 May 2022, restrictions would be placed on the account.

On 3 May 2022, a further call took place. A recording of this call has not been provided by NatWest. However, Ms M has said that the call handler was unable to explain why she had been asked to call, but that the bank would call back. Ms M was also unhappy that correspondence was now being addressed differently and that the fact the account was a "discretionary lifetime settlement" trust was now visible. NatWest attempted to call Ms M back the following day, but no recording of this has been provided. No further follow up communications were made.

Restrictions were placed on W's account on 6 June 2022. No notification of this action was sent to Ms M.

On 5 July 2022, Ms M called NatWest to check what was happening. No recording of this call has been provided. But Ms M has said she was told that identity and verification (ID&V) documents for the beneficiaries were needed. Ms M has said that she was led to believe these documents did not need to be certified. Ms M was unhappy that restrictions had been placed on the account without warning and NatWest's records show that a complaint was made this day, however the complaint process was not started.

A further call took place on 12 July 2022. Ms M further explained that she did not want the account referred to as "discretionary lifetime trust" on correspondence. And the agent agreed to put in a request for this to be amended. Ms M was also told that if she wanted to upload the ID&V documents herself, they needed to be certified. But that the beneficiaries could upload these themselves, without the need for certification. Ms M was unhappy that she had been previously misled. Ms M explained that this situation was made worse by it being a repeat of similar issues experienced in 2019.

In an attempt to resolve matters, a call from a NatWest trust analyst was booked in for 26 July 2022 to deal with any outstanding issues with the customer review process. However, this appointment was not kept by the analyst.

Ms M made a number of calls on 26 July 2022 to complain about this. Recordings of these calls have not been provided. She was apparently unhappy to learn that a complaint process had not already been started, despite having raised this previously. And that she was told there was no 'trust department' within NatWest.

Several days later, Ms M received an acknowledgement from NatWest's complaint department, but is unhappy that her husband apparently also received this email, although he is not a party to the account. This issue was added to the complaint.

NatWest's final response to the complaint was issued on 20 September 2022. A call was apparently made at the same time, though a recording of this has not been provided. This final response said that the issues experienced in 2019 had already been the subject of a complaint and so would not be reviewed now. It also explained that although information had been provided by Ms M, this did not mean that further information would not later be needed.

And that letters needed to be addressed to "discretionary lifetime settlement", but that Ms M could opt out of receiving postal correspondence. Ms M has said that she requested this in the call that took place that day.

NatWest also explained that the requirement for the beneficiaries ID&V was the result of the bank's general policy. And that there was information outstanding for the review, so the restrictions were correctly applied.

NatWest apologised that the complaint had not been raised when it was initially made, that conflicting information had been provided about what was required, that the general service provided on calls had not been as expected, and that an email was sent to Ms M's husband by mistake. NatWest offered Ms M £250 to compensate for these issues.

On 22 September 2022, Ms M spoke to the trust analyst. Ms M set out the details and purpose of the trust, and how the account was used. And the analyst confirmed that everything required for the verification of the trust itself had been provided. But that ID&V documents were required in terms of the beneficiaries. The analyst provided links for the ID&V documents for the existing beneficiaries to be uploaded. Ms M confirmed that such documents had previously been provided to NatWest for these individuals, and queried why these could not be used. The analyst said that they must either have been lost or not uploaded from the branch where they were provided to.

The analyst said that he would raise a request for correspondence to be non-postal. The analyst also confirmed that he would request that ID&V documents could be waived for the surviving settlor, Ms M's mother, and also that a letter confirming there were no other beneficiaries who had benefitted from the trust could also be waived. But he did make it clear this was not guaranteed.

On 29 September 2022, Ms M called NatWest and was told that ID&V documents for the surviving settlor were needed. She asked to speak to the analyst, who called her back the following day. He confirmed that the ID&V documents for the beneficiaries were fine and that the settlor's ID&V was not required. But that a signed statement confirming that the trustees would notify the bank of any additional beneficiaries added to the trust would be required. He said he would send this to Ms M.

This was not sent to Ms M as agreed, and further calls took place before this was sent on 7 October 2022. Ms M completed the document and returned it the same day, following up with a phone call to confirm this had been received. NatWest confirmed it had and that a request to unfreeze the account had been made. Confirmation that the account had been unfrozen was provided on 10 October 2022. However, Ms M was also asked to provide an address for the settlor which she did.

Ms M then received a number of letters, sent to her postal address with the "discretionary lifetime settlement" visible. Some of these letters also contained errors in relation to the postal and deadline dates. They requested Ms M call NatWest about the review, as a number of calls had been attempted to her. There is no evidence of these attempted calls.

Ms M called NatWest on 18 October 2022 about the first of these letters (the only one received by this point). NatWest said that it seemed the letter had overlapped from the conversation on 10 October. Ms M again raised the issue around the address used and the sending of postal correspondence. She pointed out that the bank statements sent did not include the address in this manner. And that she had requested from NatWest, on numerous occasions that postal correspondence would not be sent. NatWest confirmed on this call that Ms M should not receive any further postal correspondence.

Ms M made a further call on 27 October 2022, as the subsequent letters had been received. NatWest confirmed that there was nothing outstanding. And that postal correspondence had been deactivated on the system.

On 21 November 2022, it was confirmed that the profile review had been completed.

Ms M then referred the complaint to the Financial Ombudsman Service. She was unhappy about a number of things. In summary these were that she was unhappy:

- with the customer review process. This included that she was told at various points that no further information was needed, only for other things to then be asked for;
- that there was no “legal clause” as to why information was required on beneficiaries who had not changed;
- with the length of time the whole process took. That escalation did not improve this timeframe. And that no timeframe for the process was provided;
- the account was restricted without her being notified. And that it took so long for these restrictions to be removed;
- with the limited knowledge of trusts by the bank’s staff. And that staff did not even know the bank’s arrangements, including the existence of trust analysts;
- with the communications from the bank, including being given conflicting and incorrect guidance. That letters from NatWest did not set out what was required, meaning she needed to call. And that there were delays in calls being answered, call-backs not being provided, and no consistent point of contact;
- with the address used to send postal correspondence being changed, and then letters being sent even though she had requested that these be stopped; and
- that emails were sent to her husband.

Our Investigator considered the complaint. However, he felt that £250 compensation was suitable for the avoidable inconvenience NatWest had caused.

Ms M remained unsatisfied. She did not consider her account of the events had been represented in the view. As our Investigator was unable to resolve this complaint, it was passed to me for a decision.

Ms M later raised issues about letters being received from other departments of NatWest that include a description of the trust in the address. And she is unhappy about this.

I issued my provisional decision on 8 January 2024. The following is an extract from that decision:

“I will start by saying that Ms M has raised a couple of further matters since the complaint was referred to the Ombudsman Service. Our rules effectively only allow us to consider complaints that have first been raised with the ‘respondent’; in this case NatWest. And new events would need to be considered as new complaints. As such, I am unable to comment overly in this decision on the more recent letters sent to her.

That said, prior to bringing this complaint to the Ombudsman Service, Ms M had expressed dissatisfaction on a number of points with NatWest that occurred after it had issued its final response. Whilst these have not been fully responded to as part of that final response, I consider that the circumstances and timeline mean that I am able to take many of these into account. So, whilst I am unable to make any finding in relation to the more recent letters, I am not going to limit my findings wholly to the events prior to 20 September 2022.

The circumstances of the complaint involve a large number of specific events and

issues. I am not going to deal with each of these individually. This is not intended to trivialise these matters, but is in line with our role as an informal dispute resolution service. I will nonetheless try to address what I consider are the key issues in some detail.

I note that recordings of some calls have not been provided. This is unfortunate. However, given the notes on NatWest's system about these and the descriptions Ms M has provided, I do not believe this has significantly prohibited my consideration of the complaint.

#### The need for the review process

Ms M has been unhappy that the review is necessary, and that specific information has been required. This is not because she has tried to avoid complying with this process, but rather because she considers it disproportionate to the trust and significantly inconvenient.

In terms of why such reviews are necessary, as both parties are aware, the reasons relate in part to anti-money laundering requirements. Also relevant are anti-fraud and account protection. These requirements are partly legal and/or regulatory. Many of the requirements that are imposed on banks are fairly broad though and different banks will take slightly different approaches to making sure they comply with these. Ultimately, NatWest has legal and regulatory obligations to ensure that it has sufficient knowledge of its customers. Even if a customer has had a relationship with the bank for many years (as W did), NatWest may need to check from time to time that the information it holds for its customer is correct. It is a commercial decision which NatWest is able to make on how often it undertakes these checks and what information (within reason) it needs to comply with its obligations.

So, I do not consider it is inappropriate that NatWest carries out these reviews. And, as long as they do so appropriately, I am unable to say that doing so is unfair or unreasonable. Additionally, a certain amount of inconvenience is unfortunately a necessary byproduct of such requirements.

Ms M has said that the funds held in trust can be distributed entirely as the trustees see fit. However, whilst I am not qualified to advise, my understanding is that, generally speaking, a discretionary trust allows the trustees to distribute the relevant funds as they see fit only to or for the benefit of the named beneficiaries or classes of individuals listed in the trust deed. In W's case, as well as the named individuals, these classes of people include any future grandchildren or remoter issues born within the trust period. But the deed may be amended to add to this list.

Regardless, the point is that individuals not listed on the trust deed could potentially become beneficiaries. And so, a bank may need to satisfy itself that these individuals are in line with risk profiles and regulatory requirements. Hence the need to verify who were the beneficiaries, and to receive an undertaking relating to any additional beneficiaries. I will though return to the first of these needs below.

#### The review of W's account

Whilst carrying out customer reviews is generally reasonable, it is necessary to think about how the review was carried out for W's account.

From the evidence provided it seems Ms M was required to log onto the account portal and complete certain information. When she spoke to the call handler on 17

August 2021, she was directed to skip 'appendix 1' and just complete 'appendix 2'. However, the first of these seemingly contained a document entitled "confirmation nothing has changed form". As nothing had changed, it is not clear why Ms M was not directed to complete this form instead. NatWest has not explained why this process was not followed.

It may be, due to issues I will refer to below, that the ID&V documents for the beneficiaries, and the signed letter provided at the end of the process might still have been needed. But it does not seem that the certified trust deed or DOBO would have been required.

In terms of the DOBO, Ms M has said that neither her nor W possessed this form, so this could not be provided when requested. She has said that the form on the bank's portal works for corporate entities only and is not suitable for a trust. However, the call handler on 17 August 2021 did provide Ms M with instruction on how to complete this form in the circumstances. So, I am unable to entirely agree with her on this point – albeit, as set out above, it is possible this form was not required.

Ms M was then required to provide the ID&V documents in relation the beneficiaries. As above, the bank having knowledge of these individuals and satisfying itself that they met the relevant requirements is not inappropriate in itself. However, it seems that the details of these individuals had previously been provided. The trust analyst said that the relevant documents had either likely been lost or not uploaded by the branch they were taken to. If this is the case, then requiring Ms M to obtain these appears to be an issue of NatWest's making and so the inconvenience of doing this was avoidable.

It is possible that changes to the regulations and requirements between when the documents were previously provided and 2022 meant that further documents would have been necessary anyway. But this is not the position NatWest has set out to date.

There were some periods of time where the progression of the review appears to have been slow or delayed. And the whole process took around 15 months. Some of this time was due to NatWest waiting for Ms M. However, there were periods – amounting to a number of months – where NatWest ought reasonably to have progressed matters but did not.

Whilst I appreciate Ms M would have liked the certainty that the conclusion of the process brought, the significant impact of these delays was when the account was frozen, and I will return to this below also.

It is clear that Ms M was given incorrect and conflicting information at times. This includes whether the trust deed needed to be certified. And also, most likely, whether the ID&V documents needed to be certified. This would have added to the avoidable inconvenience and frustration she experienced. And led to a lack of faith in NatWest's ability to deal with an account involving a trust.

Also adding to this frustration would be the fact that the letters sent to Ms M did not, in the main, set out what was actually required. Ms M often needed to call NatWest to clarify this. Providing such automated letters is not what I would describe as 'good customer service'. However, neither is it something for which, on its own, I can award compensation. Being as helpful as possible is not a requirement a bank needs to adhere to – at least at the time of the events in question (rules can and do change).

I also appreciate that Ms M was unhappy that she was led to believe everything required had been provided on various occasions, only to then be asked for something more. However, it does appear that whenever Ms M was told nothing further was needed, the call handlers and correspondence did make it clear that this would be reviewed and that there may be additional requests. I appreciate this created uncertainty, as well as frustration, for Ms M but I am unable to agree that NatWest did anything specifically wrong here.

NatWest has also explained that it does not ask for everything all at once, and splits the process into stages, so that customers are not overwhelmed. This might be helpful for some customers. For other, including Ms M, it seems to have caused additional inconvenience. However, how this process is set up is largely for the bank to determine. And I am unable to uphold a complaint about this point.

Ms M is also unhappy that the complaint she raised was not initially commenced. NatWest has apologised for this.

#### The appointment with the trust analyst

It may have been helpful if NatWest had made an appointment with a trust analyst earlier in the process. Whilst staff Ms M spoke to tried to provide assistance, arranging this appointment may have avoided the incorrect and conflicting advice Ms M was provided. It also would have given her more clarity and understanding about the process.

However, it was not until mid-July 2022, when Ms M raised complaints, that such an appointment was suggested. This is despite the original letter sent to Ms M in August 2021 saying that she should call NatWest “so that we can organise an interview with one of our trained staff to support you”.

The appointment was arranged for 26 July 2022. However, the analyst did not call on this day, leading to more frustration and inconvenience being suffered by Ms M. The appointment did not take place for another two months.

In the second call with the analyst, he said that wording for the required undertaking would be sent to her that day. It was not, necessitating Ms M to chase for this.

#### The freezing of the account

The account was frozen twice. Ms M has said that she was not made aware of this on either occasion.

In relation to the first set of restrictions, applied in February 2022; Ms M has said that the required information was sent to NatWest on 25 January 2022. And that a chaser for this, dated 1 February 2022, was ignored as the evidence had just been sent. NatWest say that contact was made on 7 March 2022, however it has not provided any evidence to support this and nothing in its communication log refers to this date. On balance, I consider that the DOBO was sent late January 2022. There may have been a delay in NatWest processing this. But I do not consider NatWest acted appropriately by applying restrictions to the account during this period.

This does not appear to have actually caused any detriment to W or Ms M however, as she was unaware of the existence of these restrictions until after the complaint had been brought to the Ombudsman Service.

The second set of restrictions did cause detriment however. And again, I do not consider NatWest acted appropriately by applying these.

The reason NatWest gave for applying these restrictions is that it had written to Ms M on 26 April 2022, asking her to contact the bank by 31 May 2022. The reason for this was that NatWest required the ID&V for the beneficiaries – however this information was not provided on the letter. In compliance with the letter, Ms M called the bank on 3 May 2022, and she was apparently told either that nothing further was needed or that the call handler was unable to confirm what was needed. Ms M was not asked to contact the bank again, and instead it was left for NatWest to contact her. An attempt at this was made on 4 May 2022, but was unsuccessful. However, I consider that NatWest should have made further attempts to contact her rather than applying restrictions to the account.

Ultimately, Ms M was asked to contact the bank and she complied with this request. So, I do not consider NatWest was justified in placing restrictions on the account on 6 June 2022.

These restrictions remained on the account for over four months. And this caused inconvenience, frustration, and potentially financial loss.

Even putting to one side that the restrictions should not have been placed on the account, the fact that they remained there for this duration also appears to partly be the fault of NatWest.

The call handler Ms M spoke to on 12 July 2022 said that he could send links to the beneficiaries for them to upload their own documents, but this was not done. I appreciate that instead an appointment with an analyst was arranged, but this was not then kept by the analyst. And it was not until 22 September 2022 that these were sent. When the appointment on 26 July 2022 was not kept, I consider that immediate action should have been taken by NatWest to progress matters. It isn't clear why it took two further months for an appointment, nor why the links were not sent to the beneficiaries prior to this.

All that was then required was for Ms M to provide the signed undertaking. But there was an additional delay in this being sent to her.

Ultimately, even if it were reasonable for the restrictions to have been placed on the account, NatWest should have taken action which would have led to them being removed by the end of July 2022.

I also consider that NatWest ought to have informed Ms M (or the other trustee) when the account was frozen.

#### Address and sending of letters

Ms M is unhappy about the change in the way letters are addressed when sent to her. I appreciate that this change meant that it would be apparent to anyone who saw the envelope that there was a "discretionary lifetime settlement". However, NatWest has explained that this change was the result of a change in its system.

I understand Ms M's dissatisfaction with this change. But again, this is something that relates to a bank's internal process and decision. Such things are not directly regulated and if a bank determines that it needs to address correspondence in this way, this is not something that in itself I can uphold a complaint about.



However, what a bank should do is appropriately explore other options to mitigate such issues when they are raised. Ms M apparently made it clear to NatWest she was unhappy with this at the start of May 2022. An offer to change the account so that postal correspondence was not made until 20 September 2022, and Ms M apparently confirmed that this was what she wanted. This request was repeated on a number of occasions. But this change, as it related to the profile review teams correspondence, was not made until 18 October 2022. Having listened to the relevant call, it seems that all that was required was for a field on the profile to be 'unticked'. And it is not clear why this was firstly not offered on 3 May 2022, nor why it was not carried out on 20 September 2022.

This led to Ms M receiving a number of letters when she should not have. The direct impact of this seems reasonably minimal, but it is clear that Ms M is greatly upset about this –it was a point that was raised in the majority of phone calls that took place after the initial change.

#### Emails to husband

NatWest has apologised for sending at least one email to Ms M's husband, but has offered no real explanation for this. His email address is not linked to the account, so it is unclear how this happened.

Ms M's husband was likely aware of the trust, and even of the issues being experienced with the review process. So being sent these emails potentially didn't reveal information he was not already aware of. However, this was still greatly upsetting and concerning to Ms M.

This is still likely to be a breach of data protection requirements and the potential impact of NatWest sending correspondence to a third party, and hence the concern that this must have caused for Ms M, should not be underestimated. Added to this was the inconvenience and confusion caused with Ms M having to check with her husband whether later correspondence that should have been sent to Ms M, but was delayed, had actually been sent to him in error."

I explained that I was minded to increase the level of compensation offered to £650 in total (the £250 offered plus an additional £400). And I invited both parties to provide any additional evidence or information they wanted me to consider.

NatWest had nothing to add. Ms M provided some additional comments. These included that the issue with the sending of letters was ongoing, and that another NatWest trust account she is involved with has not had to go through the process W's account has.

#### **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.

Having done so, I am upholding this complaint for the reasons given above.

Carrying out customer reviews is something that banks are required to do, and how they do this is largely for them to determine. However, customers should not be made to suffer avoidable inconvenience and distress as a result.

Had NatWest appropriately used documents previously provided to it, it appears to me that all that was required for this process was the “Confirmation Nothing Has Changed Form” and the signed undertaking that Ms M would notify the bank of any additional beneficiaries. Neither of these would have required certification or anything other than Ms M’s signature.

Had NatWest organised an interview with one of its trained staff (a trust analyst) when Ms M initially contacted the bank, it seems likely this could have been confirmed. And even if the previous ID&V documents were not sufficient, the analyst could have provided the relevant links at an early stage.

I am unable to comment on why the other account Ms M is involved with has not had to go through a similar process. But I consider this whole process with W’s account should have been a lot smoother and quicker. And certainly should have avoided Ms M being provided with incorrect and conflicting information by NatWest staff. And, whilst the events of 2019 do not form part of this complaint, the fact that this was apparently a repeat of similar problems will have compounded the impact on Ms M.

Additionally, I do not consider NatWest was justified in applying either period of restriction on the account. And the second of these led to significant distress and inconvenience, as well as potential financial loss.

Changes to the addressing of letters is not something that I can uphold a complaint about. However, NatWest should have offered and then made changes to how correspondence was sent earlier than it did. And certainly, should not have sent correspondence to a third party.

### **Putting things right**

National Westminster Bank Plc should pay Ms M £650 in compensation if it has not already done so.

### **My final decision**

My final decision is that I uphold this complaint. National Westminster Bank Plc should put things right as set out above.

Under the rules of the Financial Ombudsman Service, I’m required to ask W to accept or reject my decision before 1 March 2024.

Sam Thomas  
**Ombudsman**