

The complaint

This complaint has been brought by a partnership which I'll refer to as "M". Mr H, as one of the partners, is representing M. The complaint is about National Westminster Bank Plc (NatWest) allowing the other partner to make a transfer.

What happened

In February 2023, a transfer of around £92,000 was made from M's savings account to its current account. This was done in branch by the other partner on their own. It appears that the system had an error and did not identify that the account was two to sign. The transfer then meant that a cheque of around £59,000 could be paid to that partner. That cheque was signed by both partners.

Mr H spoke to NatWest. He confirmed that he authorised that cheque, though he says it was blank when he signed it. However, he pointed out that both partners needed to sign for the £92,000 transfer from the savings account, and he did not sign for it. Mr H informed NatWest there was a dispute between him and the other partner. So NatWest blocked the account.

Another cheque of around £33,000 had been made out to Mr H – again, signed by both partners. But as the account was now blocked, this did not go through.

NatWest accepted they were mistaken to allow the transfer from the savings account without both partners' authority. But they said they were correct to process the cheque, which both had signed. And they were unable to weigh in on the dispute between the partners, which they said Mr H would need to pursue with the other partner directly. NatWest paid £800 compensation to M for the inconvenience caused to the partnership.

Mr H wants the £92,000 returned to M's savings account, for lost interest to be paid, for NatWest to unblock the account and give him individual access to at least half the funds, for the £800 compensation to be paid to him directly, and for NatWest to give him personal information about their staff members and the other partner.

Our investigator looked into things independently. They explained that we could only look at the dispute between M and NatWest, and not the dispute between the two partners. So we couldn't conclude what money was due to which partner. They found that NatWest were correct to block the account and to pay M's compensation to M rather than to Mr H. They didn't think NatWest needed to refund the disputed transfer or the £59,000 cheque, as the disputed transfer was between M's own accounts and the £59,000 cheque was authorised. But they did think NatWest should pay some lost interest.

Neither side agreed, so the complaint's been passed to me to decide.

I sent M and NatWest a provisional decision on 19 March 2024, to explain why I thought the complaint should be upheld in part. In that decision, I said:

Firstly, I understand that NatWest thinks this complaint might be out of our jurisdiction due to the dispute between M's partners, and due to one of the partners not being signed up to the case. But the complaint between the partnership and NatWest is still within our jurisdiction, and given the subject matter of said complaint, I cannot reasonably insist that both partners are signed on. A relevant representative of M is signed on, and I'm still able to consider what happened between NatWest and the partnership as a whole, though I accept that the scope of what I can consider is limited due to the dispute between the partners.

Secondly, I need to clarify that Mr H is not the eligible complainant here. The partnership (M) is. I understand Mr H is under the impression that this is his complaint. I understand he wants us to consider alleged personal losses to him, and he wants us to tell NatWest to pay amounts to him directly. But this complaint arises from the partnership's account, not Mr H's personal account. It is the partnership which is the relevant customer here, not Mr H. Mr H is not eligible to bring a complaint to us about M's account in a personal capacity. That means I can only consider the dispute between M and NatWest. I'm unable to consider the disputes between Mr H and NatWest or Mr H and the other partner. That also means I can only consider losses to the partnership itself, not to Mr H, and it means I cannot award any personal compensation to Mr H.

As noted above, I cannot consider the underlying dispute between the two partners. That is outside of our remit. That means I cannot reach any conclusions on what money is due to each partner. I do not know what formal or informal agreements were made between the two partners, nor what assets should be distributed to each.

This is important. While NatWest accept they made a mistake in allowing the transfer from the savings account, we're not here to punish banks for making mistakes. I would only award compensation to M if I could see that M was unfairly impacted by NatWest's error. But for all I know, the other partner may well have been due the £59,000 or so from M which the transfer enabled to be paid. That partner would presumably argue that they were entitled to it. And if M did owe them that money, that would mean there was no real adverse impact to M in paying it to them. So I can't definitively conclude that M lost out there.

Further, as our investigator explained, the disputed transfer was only made between M's own accounts. So it was still in M's possession at the time. M was then debited the £59,000 or so which was paid by the subsequent cheque. But that cheque was not unauthorised – both of M's partners signed it, it was processed successfully in the normal way, and Mr H seems to accept that both partners authorised it. While Mr H now says the cheque had its date altered, I've not found any signs it was altered, nor any cause for concern which should've stopped it from being processed. So I find that the cheque was most likely authorised. And if the cheque was authorised, and – as I explained above – I'm unable to conclude that M did not owe that money to that person, then I cannot fairly conclude that any undue loss was caused to M in allowing that cheque to be paid.

I do see that M lost out on some interest because of NatWest mistakenly allowing the disputed transfer. I agree with our investigator's approach to resolving this. Namely, that NatWest should pay interest at the savings rate on the £91,976.13 which was transferred from the savings account, payable from the date of the transfer (17 February 2023) until the date the £58,727.24 cheque debited (23 February 2023). NatWest should then return the remaining £33,248.89 to the savings account, and pay savings-rate interest on that £33,248.89 from 23 February 2023 until the date of its return to the savings account. NatWest argue they need both partners' consent to return the £33,248.89 to the savings account. But I don't see that they do here. NatWest didn't have the proper authority to transfer that money to the current account in the first place, so by returning it they are simply reversing that unauthorised transfer, as best as is now possible. And it doesn't seem fair for M to lose out on its interest while the dispute between the partners is ongoing.

I understand Mr H is unhappy that he's blocked from accessing M's accounts. But as there's a dispute between the partners, it's reasonable for NatWest to block M's accounts until that dispute is resolved. That includes blocking the cheque for around £33,000 which was made out to Mr H. NatWest were allowed to do this under the terms of M's account. Both partners have been blocked. It would not be reasonable for NatWest to now give Mr H sole access to M's accounts, in much the same way that I'm sure Mr H would not want NatWest to now give the other partner sole access to the accounts. That would go against the accounts' terms, and would be unreasonable given the underlying dispute. Again, it's not possible for me to conclude which partner is owed what, and NatWest can't conclude that either. Mr H needs to resolve that directly with the other partner. The accounts can be unblocked when the dispute between the partners is resolved.

I can see that, after the block was applied, a £200 cash withdrawal was allowed through on the other partner's card. By that point, NatWest knew there was a dispute between the partners, and they'd been given an allegation that that partner was taking money not due to them. So they knew they were risking an undue loss to M by allowing that withdrawal. And NatWest's block was supposed to prevent further payments from being made – including card payments. So NatWest should not have reasonably allowed that withdrawal through. I accept it's possible that that partner may have been due that £200. But unlike the cheque of around £59,000, this withdrawal was not authorised by both partners, and it took place after no further transactions were supposed to have gone through. So I think the fairest thing is for NatWest to compensate M for that error by reimbursing the £200 withdrawal.

I appreciate that Mr H would have preferred for M's £800 compensation to be paid to him directly, rather than to M. But that compensation was owed to M in relation to M's complaint. It was not owed to Mr H personally. So it was correct for NatWest to pay it to M and not to Mr H. Mr H is not eligible to claim personal compensation for the business' losses.

Lastly, I appreciate that Mr H would like some personal information about NatWest's staff and the other partner. But I would not expect NatWest to give him this information, and nor could I compel them to. That would breach data protection regulations.

I said I'd consider anything else anyone wanted to give me – so long as I received it before 2 April 2024. NatWest accepted the provisional decision. M didn't reply.

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.

Neither side have sent me any new evidence or arguments. So having reconsidered the case, I've come to the same conclusion as before, and for the same reasons as set out in my provisional decision above.

Putting things right

I direct National Westminster Bank Plc to:

- pay interest to M at the savings account rate on the disputed £91,976.13 transfer, payable from 17 February 2023 to 23 February 2023
- return the remaining £33,248.89 to M's savings account
- pay interest to M at the savings account rate on that £33,248.89, payable from 23 February 2023 until the date it's returned to the savings account
- rework M's accounts to reverse the £200 cash withdrawal they allowed through after M's accounts were blocked

I do not award any further compensation.

My final decision

For the reasons I've explained, I uphold M's complaint in part, and direct National Westminster Bank Plc to put things right in the way I set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask M to accept or reject my decision before 2 May 2024.

Adam Charles
Ombudsman