

The complaint

Miss C has complained that National Westminster Bank Plc ('NatWest') did not allow her to transfer funds she held with it to an account she had with another bank in May 2023. She is also unhappy with the way in which NatWest subsequently dealt with her concerns raised about this matter.

What happened

Miss C had transferred money from an account with another bank to her NatWest account, with the intention of making a payment directly from the NatWest account to cover her brother's funeral expenses. She was unable to make the payment, and made a complaint to NatWest. This issue has already been dealt with by this service under a separate case, and so does not form part of the complaint that I am considering here. However, I mention it to provide some further background to the complaint that I am considering.

Attempting to find an alternative way to pay the funeral director, on 5 May 2023 Miss C rang NatWest to transfer £3,649.58 back to the account held with the other bank. She has said that the payment to the funeral director needed to be made on that day. However, the member of NatWest staff she spoke to told her that a payment to her other account could not be made because it was to a new payee. It was explained to Miss C that it was not possible to set up the receiving bank account as a new payee because NatWest did not have her mobile number registered on the account, to authenticate the payee. Miss C has said that she was left extremely upset by this.

On 13 May Miss C had a further call with NatWest, during which she was told on several occasions that there were no existing payees set up on her NatWest account. However, after she provided NatWest with her mobile number, she rang the bank on 10 June to attempt again the transfer of £3,649.58 to her other bank. During this call, she was told that her other bank account was already set up as an existing payee, meaning it was not necessary to verify it via a text message to her mobile phone. The transfer was then made successfully.

Miss C complained over the phone on 10 June about the information she'd been provided with by NatWest, and on 11 June she submitted her complaint online. She said that on 5 May NatWest had told her she could not transfer her funds because her other account was a new payee, and because the amount was too large. Miss C asked NatWest to explain why it had told her during calls on 5 May and 13 May that her other bank account was not set up as an existing payee. She stated that as it was, her attempted transfer of funds on 5 May should have been successful. Miss C said that she'd been left distraught by these events, and she asked to be paid compensation to reflect this. She also requested that staff be given feedback if necessary. And she said she'd been left confused about NatWest's procedures.

NatWest provided two responses to the complaint. On 21 July it accepted that the service it had provided could have been better, and it paid Miss C £30 to reflect distress and inconvenience caused.

After Miss C had responded to NatWest, it issued a further letter to her on 10 August. In this letter NatWest agreed that it had not actually fully investigated the complaint that Miss C had

raised on 10 June. NatWest said that it had been unable to locate the call where it had told Miss C that it couldn't send the payment to her other account. Because of this, NatWest described its investigation as 'inconclusive'. It accepted that it had caused trouble and upset, it apologised for that, and it paid Miss C a further £150 compensation.

Unhappy with NatWest's handling of this matter, Miss C brought a complaint to this service. She said that NatWest had not properly addressed all the concerns she had raised, despite her request for it to do so. Miss C said this complaint had been mishandled, and that NatWest had initially lost the complaint. She described NatWest's responses of 21 July and 10 August as inadequate, because they did not address all the issues she had raised. Instead Miss C commented that NatWest had made up the content of her complaint, and had given her conflicting information. She also said that it had not listened to the recordings of her calls with the bank on 5 May and 13 May when considering her complaint.

Miss C said that NatWest's refusal to transfer her funds to her other account in May had caused her much worry as she urgently sought to find money elsewhere to pay the funeral costs. This meant that her other financial commitments had to be set aside, resulting in more worry, and Miss C said that she found it upsetting because she felt NatWest was unhelpful.

Our investigator concluded NatWest had misinformed Miss C in May that her other bank was not an existing payee under the account. However, he considered that the compensation already paid to Miss C was sufficient to reflect the distress she had been caused in this matter.

Miss C disagreed with the investigator's findings. She commented that NatWest had not responded to all the concerns she had raised in her complaint. Miss C clarified that there were two issues she wanted addressed: why the transfer on 5 May could not be enacted, and why NatWest had said that her other bank was not set up as an existing payee. She said that NatWest had never addressed this second point. She also explained that she had made two separate calls to NatWest on 13 May, and as with the one on 5 May, she had been misinformed about her other bank not being an existing payee.

The consequence was that Miss C could not immediately transfer funds to the other bank. Based on what NatWest had told her, she understood that in order to make the transfer, she would need to set up her mobile phone on the account so she could authorise a new payee, and this would mean a delay of several days. However, Miss C explained that on 4 May, NatWest had allowed her to transfer £1,200 to a different, new payee, also in relation to her brother's funeral costs. With that payment, she had not needed to provide a mobile number for authorisation purposes. She also said that prior to 5 May, she had not been told as a telephone banking customer that she would need to register a mobile number to enable payments. Miss C said that she had been left confused about what she needed to do to make payments to any payee from her NatWest account, and that this was causing her to be very anxious about this subject.

Miss C explained that she felt she'd not been given a full explanation about why she'd been given the information by NatWest that she had, and she questioned whether appropriate feedback had been given to staff she'd spoken to. She commented that as NatWest had more recently been able to give her copies of the calls made on 5 and 13 May, it should have listened to these as part of its response to her complaint.

Miss C reiterated that NatWest had mislaid her complaint, and she felt it had then made up its content. She asked that NatWest's handling of the complaint be addressed, commenting that it had not responded to the actual complaint made, and had breached the timescales it was required to follow. Miss C suggested compensation of £500 would fairly reflect the difficulties she was faced with when, at short notice, she had had to find funds to pay for her

brother's funeral, instead of using the money in her NatWest account. She commented that her legitimate request to make a payment had been refused. She also said this level of compensation would reflect the poor communications she had had from NatWest. Miss C highlighted that she suffers from anxiety, had recently suffered the loss of her brother, and she said that her experience with NatWest had been debilitating. She said that the level of redress needed to encourage better practices.

The investigator asked NatWest if it had any comments it wished to make in response to what Miss C had said. NatWest said that it accepted it had made mistakes in its communications with Miss C, and this was the result of 'human error'. It also acknowledged that this had happened at a difficult time for Miss C. NatWest offered a further £150 compensation.

In response Miss C said that the conflicting information she'd been given in May and June 2023 meant that she still did not know what was required by NatWest to make payments to a payee. She explained this was continuing to make her anxious about what might happen when she needed to make future payments. If NatWest were to clarify this, Miss C said that she would be willing to accept the further £150 compensation to resolve this element of her complaint.

However, Miss C stated that in her view, NatWest had not addressed the way it had dealt with her complaint when made in June. She said that this had been appalling. To reflect the difficulties she said she had been caused by the issues raised over the entirety of this complaint, Miss C asked that NatWest pay her £500 compensation in total.

The complaint was referred to me for review.

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.

Initially I believe it would be helpful to clarify the exact amount of compensation that has been offered by NatWest under this particular complaint. NatWest paid Miss C £30 redress as confirmed in its letter to her dated 21 July, and paid a further £150 as confirmed in its letter dated 10 August. During the investigation of this complaint, following Miss C's response to our investigator's view, NatWest offered a further £150 compensation. Although I note Miss C's comments that the 21 July and 10 August letters do not fully address the complaint she raised, in total the compensation sum offered by NatWest to date under this complaint is £330.

Miss C has explained that she is seeking total compensation of £500. I need to determine what level of compensation I consider to be fair, based on the events that have occurred.

NatWest accepts that it has made errors. When Miss C rang to request the transfer of £3,649.58 to her account held with the other bank, she was told that this was not an existing payee. Without taking steps to set her other bank account up as a new payee, Miss C was told that she could not effect the transfer she was requesting. Miss C needed to pay funeral costs urgently, and she therefore had to arrange for those costs to be paid from elsewhere.

When Miss C was later informed by NatWest in June that the other account was in fact an existing payee, she was able to transfer funds to it immediately, without the need to go through an authorisation process. Based on the evidence provided, my view is that NatWest mistakenly told Miss C on 5 May, and then later on 13 May, that her other account was not an existing payee. As it was an existing payee, the payment to it that Miss C was attempting

should have been processed by NatWest on 5 May. Taking into account that Miss C was coping with bereavement at this time, and in light of her comments that she suffers from anxiety, I consider this error by NatWest caused Miss C significant and unnecessary upset.

In terms of NatWest's responses to Miss C's complaint, I agree with her that the letter dated 21 July did not respond to the specific concern she had raised about why her intended payment to her other account had not been allowed in May, despite it being to an existing payee. NatWest's letter on 10 August said its investigations in this regard were inconclusive.

I should explain that a complaint purely about the complaint handling of a business is not a complaint about a financial service, and so would not fall within the jurisdiction of this service. But in respect of the concerns raised here, I appreciate Miss C was seeking to understand why the payment transfer had not been allowed to her other account in May without her taking further steps to verify the receiving account. That question related to a regulatory activity. And I would agree that NatWest's complaint response letters did not adequately explain to Miss C what had gone wrong when she attempted the transfer of funds in May.

Further to this, Miss C has said that she has been left confused about what she needs to do in the future to make payments to any payee from her NatWest account, and that this is causing her to be very anxious about this subject. I've thought carefully about Miss C's comments in this regard. Based on what she has said about being able to make a successful payment on 4 May to a new payee without authorising this via her mobile phone, it is not clear to me whether all new payees must be authorised via a mobile number, or whether this might only apply to payments of a certain size.

That said, as Miss C now has her mobile phone registered under her NatWest account, it would seem to me that she should now be able to make payments to any payee that she wants to in the future (subject to standard security checks), whether or not it's an existing one. I acknowledge what Miss C has said about her uncertainty regarding what steps she needs to take to ensure payments are successfully made from her NatWest account, and the worry this has caused her. I would say that if she does encounter problems in the future with any payments, she will need to get NatWest to clarify what the issue is. If she's unhappy with the answer she receives from NatWest, she may be able to bring a complaint to this service.

As outlined above, in terms of the interactions Miss C had with the bank in May and June 2023, on balance my view is that NatWest gave Miss C incorrect information that her other bank account was not an existing payee, and that this was the result of human error within NatWest. Had that not occurred, the payment to Miss C's other account would have been completed on 5 May. I need to consider the impact this has had on Miss C.

Miss C was attempting to pay an urgent bill to a funeral director on 5 May. Aside from the personal distress that she was experiencing from the loss of her brother, she was faced with having to find alternative funds to pay for the funeral. Miss C has explained how she suffers from anxiety, and my view is that NatWest's error would have exacerbated this. I note her comments about how NatWest's actions affected her adversely, and how its subsequent failures to properly address her concerns caused further difficulties for her.

Miss C has suggested that the level of redress awarded in this case could be used as a means to encourage better practices. I note her comments, but I should explain that compensation awarded by this service is not designed to be punitive. Instead, where compensation relates to the difficulties a business has caused a consumer, it is intended to reflect upset caused, over and above that which would normally be experienced by someone in the usual course of carrying out their financial affairs.

I have carefully considered the events that occurred in this case. In my view, NatWest caused Miss C unnecessary distress, taking into account her personal circumstances at this time, and her ongoing feelings of anxiety. However, bearing all this in mind, and when considering awards made by this service on cases with similar circumstances, my view is that the total amount that NatWest has offered of £330 is fair compensation here. I appreciate that Miss C may be disappointed with my view on the redress that should be paid to her. But overall, my view is that the total offer that NatWest has made is reasonable.

My final decision

I understand that National Westminster Bank Plc has already paid Miss C £180 compensation for distress and inconvenience caused to her. On 29 February 2024 it offered to pay Miss C a further £150 compensation. If it has not already done so, National Westminster Bank Plc should now pay this further £150 to Miss C.

I make no other award.

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

John Swain
Ombudsman