

The complaint

Miss and Mr D complain National Westminster Bank Plc (“NatWest”) significantly delayed releasing their funds held in a joint savings account after it closed the account. They’re also unhappy with the service NatWest provided particularly in branch.

To put things right, Miss and Mr D want NatWest to reimburse Miss D for a loan she feels she was compelled to take out and compensate them for the substantive distress and inconvenience they’ve suffered.

What happened

The details of this complaint are well known by both parties, so I won’t repeat them again here in detail. Instead, I’ll focus on setting out some of the key facts and on giving my reasons for my decision.

Miss and Mr D are father and daughter – and held a joint savings account with NatWest. In May 2023, NatWest wrote to Miss and Mr D separately to notify them it had decided to close their account as they hadn’t provided it with the additional information and documents it had previously requested. NatWest had requested this information be provided as early as September 2022.

NatWest gave them two months’ notice – and the letter explained they could transfer their funds whilst it remained open. And if they don’t, Miss and Mr D will need to follow NatWest’s reclaim process.

After the account closed, Miss D went into branch to reclaim the funds and was given a cheque in October 2023. Miss D deposited the cheque into one of her accounts, but it wasn’t paid out as it had been stopped.

Unhappy with NatWest’s actions, Mr and Miss D complained. NatWest upheld their complaint in part. In the main it said:

- The closing balance cheque of £1,956.70 was issued to Miss D on 19 October 2023 but was stopped by the payee the following day. NatWest hasn’t made any error
- NatWest is unable to ascertain why no one was able to help Miss D properly about this issue. Because of the distress and inconvenience this has caused, NatWest will pay them £50 compensation

Miss and Mr D asked NatWest to look into the complaint again as they didn’t agree with what it had said – particularly as it was NatWest who stopped the cheque. In response, NatWest made the following key points:

- NatWest acknowledge that it stopped the cheque but has been unable to ascertain why it went unpaid. But the relevant department at NatWest say it needs a payment instruction form signed by Miss D and certified documents

- NatWest has refunded debit interest of £3.53 which was charged from the account in November 2023, December 2023, and January 2024. An additional charge will now not be debited.

NatWest will pay Miss and Mr D a further £100 compensation for the distress and inconvenience its caused

Miss and Mr D referred their complaint to this service. They say NatWest's compensation doesn't adequately reflect the impact its actions had on them, particularly over Christmas – nor for the inconvenience of contacting it. And, for Miss D having to take out a loan of £13,000 with high interest as it was the only one she could get. Miss D also said that she had to seek medical help for depression and is now on anti-depressants.

NatWest wrote to Miss and Mr D and explained what documents it needed, and how they were to be certified: by a member of staff at one of its branches, a solicitor, notary public or a chartered accountant.

Initially, the documents that were provided weren't certified. It appears the further issues with getting their funds released were mainly because Miss and Mr D couldn't provide NatWest with the certified identity documents it needed as part of its release of funds process.

Our Investigator explained that NatWest's letter says one of its branches can certify original documents, but its branches were saying Mr D was providing an external bank statement which needed to be certified by his issuing bank.

Miss and Mr D said they had also been treated rudely in branch by NatWest's staff. Following our Investigator's communications with NatWest, and once it was satisfied it had the documents in the correct format it required, funds were released to Miss and Mrs D on 13 August 2024.

Our Investigator then sent both parties their outcome in which they recommended the complaint be upheld in part. Their key findings were:

- NatWest closed Miss and Mr D's account in line with its terms and condition and gave them two months' notice of its intention to do so. NatWest gave them a reasonable time in which to withdraw their funds
- NatWest caused undue delay in releasing the funds. NatWest had issued the withdrawal cheque in October 2023 – but said the remitting bank had sent the rejection code. But it was NatWest who had issued the cheque and not an external bank.

NatWest should've asked Miss and Mr D to submit the reclaims form and certified documents at that stage – but NatWest only did so three months later, in February 2024. NatWest should've followed up on its February 2024 letter as Mr D hadn't received it

- NatWest needed to complete its required procedures before releasing the funds. But it could've been more supportive in assisting Mr D in getting his documents certified in branch much sooner than it did
- Miss and Mr D both say they have been spoken to rudely on the phone and in branch by NatWest's staff members. The branch members deny being rude, and the relevant calls aren't available. As there's no evidence, they can't reach a finding on this point

- NatWest shouldn't be held liable for the loan Miss D says she had to take out as she didn't have access to her funds. The loan is at a much greater amount compared to the closing balance
- NatWest should pay an additional £250 to the £150 it already paid for the distress and inconvenience Miss and Mrs D suffered. It should also pay them 8% simple interest on the closing balance from when the cheque was stopped on 20 October 2023 until they were released on 13 August 2024

NatWest agreed with what our Investigator said. Miss and Mr D didn't. In short, they say the compensation recommended hasn't fairly considered the impact NatWest's failings had on them. Miss D has had to be put on antidepressants because of what's happened, and she was forced to take out a loan which was the only one she could get.

To support her assertions, Miss D has sent in a medical report which she says cost her £60. To put things right, Miss and Mr D said NatWest should pay them £1,000 compensation for the distress and inconvenience they've suffered less any amount it already paid for this. And the loan amount and associated interest to be settled by NatWest; and the cost of the medical report reimbursed.

Our Investigator then sent Miss and Mr D their new findings. The main points they made were:

- A £13,000 loan taken out by Miss D in December 2023 is considerably greater in comparison to the £1,956.70 NatWest were holding. Because of this Miss D isn't due any redress for the loan repayments
- The NatWest branch didn't make an error in asking Mr D to provide original copies alongside copies that needed to be certified. So Miss and Mr D weren't misinformed in the way they say they were about this in May 2024 as the branch needed to see the documents they were certifying
- Given the evidence Miss D has provided about her mental health, the lack of updates, delays, and visits to branch, NatWest should pay an additional £325 on top of the £150 it already paid for the distress and inconvenience suffered
- NatWest should still pay 8% simple interest on the balance from 20 October 2023 until 13 August 2024. And it should pay Miss D £60 for the cost of procuring her medical report

Miss and Mr D didn't agree and asked for an ombudsman to decide their complaint.

What I've decided – and why

I'm very aware that I've summarised the events in this complaint in far less detail than the parties and I've done so using my own words. No discourtesy is intended by me in taking this approach. Instead, I've focussed on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

If there's something I've not mentioned, it isn't because I've ignored it. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right

outcome. I do stress however that I've considered everything Miss and Mr D and NatWest have said before reaching my decision.

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 have decided to uphold this complaint in part. I'll explain why.

Account closure

NatWest is entitled to close an account just as a customer may close an account with it. But before NatWest closes an account, it must do so in a way, which complies with the terms and conditions of the account.

The terms and conditions of the account, which NatWest and Miss and Mr D had to comply with, say that it could close the account by giving them at least 60 days' notice. And in certain circumstances it can close an account immediately or with less notice.

NatWest has provided me with letters it sent to both Miss D in 2022 which show that it needed up-to-date identification documents from her to meet its regulatory obligations. NatWest also explained that it didn't get this information. NatWest sent chaser correspondence letters in relation to this before making the decision to close the account in late 2023.

NatWest's obligations generally cover the entire period of its customer relationship – from application to eventually the end of the relationship. This includes KYC checks and/or Customer Due Diligence (CDD). I'm satisfied that NatWest was acting in line with its obligations when deciding to close Miss and Mr D's savings account as the information it was obligated to get hadn't been provided – and reasonable attempts had been made over a reasonable period to get them.

It's not clear whether Miss D received the letters from NatWest, but I can see they were being sent to a previous address she had registered with it. I'd add that Miss D is responsible for providing NatWest with up-to-date contact details.

Release of funds process

This brings me to the crux of Miss and Mr D's complaint. That is, NatWest made errors and caused substantive delay in Miss and Mr D getting their funds back. It's clear NatWest erroneously told Miss D the cheque was cancelled by another bank when it had done so itself.

NatWest knew in October 2023 when issuing the cheque that it needed certain documents which needed certification before it could release the funds in line with its process. So it should have made this clear at the point Miss D tried to retrieve them instead of issuing a cheque that wouldn't be honoured. Had things have happened as they should have, Mr and Miss D would've most likely followed the correct steps at that point and received their funds.

But that didn't happen. Mr and Miss D made several visits to branch and made calls to try and meet NatWest's requirements. But for around ten months they weren't successfully able to do so. One of the key issues during this period was both an understanding of what was required, and Mr D thinking NatWest could certify his external bank statement. NatWest's letter of February 2024 in which it explains what's needed doesn't make this clear. So I agree this is a failing on its part.

What is clear, based on what I've said above, is that Miss and Mr D have been deprived of their funds for longer than they ought to have. So I think it is fair that NatWest pay 8% simple interest on the balance of their account from 20 October 2024 till settlement. That's because had the branch followed the correct process, Miss and Mr D would likely have received their funds around that time.

Distress and Inconvenience

Miss D has provided evidence that in 2024 she was prescribed anti-depressants. And the doctor's report says they were concerned with the impact the ongoing financial matters were having on her mental health. I also note that Miss D had previously been diagnosed with depression, so that means it was likely a pre-existing disposition. So this is something I need to take into mitigation. But I accept the delays in receiving the funds would've aggravated and exacerbated the impact on her mental health.

I also need to consider that there were several trips to a NatWest branch, and phone conversations which would have inconvenienced both Miss and Mr D. All of these would have been avoided had NatWest done what it should have in October 2023.

After carefully weighing this up, I'm persuaded that an additional £325 on top of the £150 NatWest has already paid is sufficient compensation for the distress and inconvenience Miss and Mr D suffered. I also think that it's fair for NatWest to cover the cost of Miss D's medical report for £60. That's because I think it was reasonable for her to get this evidence as part of a complaint point which I am upholding here.

Paying off the loan

Miss D has said the only loan she could get was one at a high interest rate for £13,000 as she needed the money over Christmas 2023 which was being held by NatWest. So, she says NatWest should pay the loan and any associated interest to her.

It's not clear why Miss D could only get a loan for £13,000 when she is saying she needed around £2,000. I haven't seen any evidence of her being declined for a more proportionate loan. Miss and Mr D have been given back their funds, so they could reduce it by the amount NatWest unfairly delayed in returning to them. The amount she has taken above this amounted would've been used to her benefit, so I don't think it's fair or reasonable for NatWest to pay this to her.

I would also add that such a consequence is quite far removed from what went wrong here.

Customer service

Given there's no supporting evidence to support either party's conflicting testimonies, I'm not able to make a finding on this point about Miss and Mr D being treated rudely. I'm not saying the incidents didn't happen, but simply that I don't have any evidence to reach a finding – even on the balance of probabilities.

Putting things right

To put things right, NatWest must:

- Pay 8% simple interest on the balance of the account as of 20 October 2023 till settlement on 13 August 2024*
- Pay Miss and Mr D £325 compensation for the distress and inconvenience they were

caused

- Pay Miss D £60 for the medical report costs

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

My final decision

For the reasons above, I have decided to uphold this complaint in part. National Westminster Bank Plc must now put things right as directed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss D and Mr D to accept or reject my decision before 2 December 2024.

Ketan Nagla

Ombudsman