

The complaint

Messrs D complain about the consequences of an account restriction applied by National Westminster Bank Plc trading as Ulster Bank (Ulster), in particular the impact on a direct debit (DD) instruction. Messrs D are represented by a third party.

What happened

In May 2022, Ulster contacted Messrs D to organise a review of the account also saying they required certain documents as part of this. Receiving no response, Ulster chased this several times, making Messrs D aware that if they didn't receive the required information by a prescribed date, they would restrict access to the account including the processing of transactions.

As the documents were not provided by the prescribed date, restrictions were applied. Messrs D did supply the information and seven days later, the restrictions were lifted. During this restriction period, a DD payable to an insurance company was not paid and the subsequent policy was cancelled. This policy was for life insurance for a person whom I'll refer to as B. As B passed away, a claim was made for the life insurance which was declined as the policy was cancelled. Unhappy with the situation and holding Ulster responsible, Messrs D complained to Ulster.

Ulster investigated the complaint and declined it. They explained that due to not receiving the information they required for the account review, they correctly restricted the account, and removed the restriction once they had received what they needed. Ulster said the actions they took were appropriate but as they recognised it was a difficult time for Messrs D, they sent flowers.

As part of a different complaint, Ulster wrote to Messrs D about the restrictions but said that after they were lifted, the DD in question was not reinstated as it should have been. Ulster apologised and credited Messrs D with £500 in compensation. It was also established that when Ulster informed the insurance company of the payment not being made during the restrictions, they provided an erroneous DD code which incorrectly told the insurance company that the policy had been cancelled.

Remaining unhappy, Messrs D brought the complaint to our service which an investigator looked into, and didn't think Ulster needed to take any further action. They had no issue in the information Ulster required, and the subsequent restrictions they placed on the account as a result of not receiving it. Our investigator also acknowledged Ulster made errors in not reinstating the DD and sending the wrong DD code. But they said they could not hold Ulster responsible for the entire issue as they did not think that Ulster's errors were the main reason for the insurance policy to lapse. Our investigator said that the administration of the insurance policy is down to the insurer so did not feel Ulster should bear full responsibility for

the policy not being paid out. Our investigator concluded by saying the £500 compensation credited was suitable.

Unhappy with this outcome, Messrs D requested an ombudsman review the complaint.

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 have looked at the information Ulster has supplied to see if it has acted within its terms and conditions and to see if it has treated Messrs D fairly.

If I don't mention any specific point, it's not because I failed to take it on board and think about it, but because I don't think I need to comment on it to reach what I think is a fair and reasonable outcome. No discourtesy is intended by me in taking this approach.

I did want to also add my own condolences to Messrs D for their loss.

Before I come to other aspects of the complaint, I want to say that I agree with the investigator's findings that what's not disputed is that Ulster sent the wrong DD code to the insurer, and didn't reinstate the DD. I'm glad Ulster have acknowledged these and apologised.

One aspect of this complaint that I do need to mention is the separate complaint that Messrs D have raised against the insurance company in question. As per our procedures, this has been logged as a separate matter which will be investigated independently of this complaint. This means I can only comment to a certain extent about the insurance policy side of things.

I did want to acknowledge one aspect which is not in the investigator's view which is around how this started. Ulster wrote to Messrs D many times about the review, the information they needed, and the consequences of not providing it. Yet, I've not seen any evidence of efforts to supply this within the generous timescales that were allowed. Clearly, if this information had been supplied when it was required, I'm of the opinion that this complaint may not have had to be raised.

I also wanted to highlight a point connected with the above. Once the deadline for the information had arrived, Messrs D managed to supply the information very promptly, yet for a number of months, they did not. Knowing part of the significant consequence of not supplying the information was that the account would be restricted and payments not permitted to leave, I would have expected to see evidence that Messrs D attempted contact with the insurance company to make them aware, and agree a temporary solution to ensure the premium was paid.

Finally, in terms of the compensation that Ulster have credited, I do find that this is commensurate with the errors they made with the direct debit.

I know Messrs D feel strongly that they are owed the full £50,000 life insurance pay out, and whilst I am restricted on what I can say about the insurance provider, for the reasons I have given, I cannot hold Ulster responsible for all of this. I would normally suggest that Messrs D pursue the insurance company in this regard but as stated, Messrs D have already started this process.

I know Messrs D will be disappointed with my decision but as I stated earlier, I have to base my decision on the evidence and facts presented and in the absence of anything to the contrary, I cannot uphold the complaint and consequently cannot ask Ulster to do anything more.

My final decision

For the reasons I have given it is my final decision that the complaint is upheld and I require National Westminster Bank Plc trading as Ulster Bank to ensure they have paid the £500 compensation to Messrs D.

Under the rules of the Financial Ombudsman Service, I'm required to ask to accept or reject my decision before 31 December 2024.

Chris Blamires
Ombudsman