

The complaint

A company, which I will refer to as C, complains that National Westminster Bank Plc acted unfairly when it sent overdraft documentation with incorrect interest rates.

(I want to stress that this decision is solely about the overdraft documentation, and not about any other dispute between C and NatWest.)

What happened

In this case, there is no dispute about what happened – everybody agrees that NatWest made a mistake. The dispute is about what the bank should do to put things right.

One of our investigators looked at this complaint. Briefly, she said:

- On 21 December 2023, NatWest sent C overdraft facilities renewal documents. The interest rates in those documents were far higher than they should have been.
- On 3 January 2024, NatWest told C that the interest rates on the documents were wrong, and that it would issue new documentation.
- On 9 January 2024, NatWest sent out new documents with the correct interest rates.
- After C complained about NatWest's error, the bank apologised and paid £150 in compensation.

Our investigator thought the compensation NatWest had already paid was fair. C's directors did not agree, and I summarise their position below:

- The renewal letters were signed on 12 and 14 December 2023 but were not sent out for more than a week. That is a disgrace, and was designed to cause maximum damage and distress – which it did.
- They were horrified by the documents they received on 21 December 2023, and sent an immediate response to their contact at NatWest. But he was out of the office and did not reply until after New Year. NatWest's behaviour here is unforgivable.
- The issue caused absolute agony to them, their colleagues, and their families. They had the grim task of telling C's employees that C may not survive, and spent a miserable Christmas worrying about whether their business would continue.
- They have noted our investigator's comment that we cannot order compensation to anyone other than the complainant (which in this case is the limited company C), but they consider that our scope is so narrow as to completely miss the point of their complaint. Our investigator has simply ignored the damage done to their mental health, the stress they suffered, and the angst and worry they experienced. It would be a disgrace for our investigator's outcome to be allowed to stand.

Our investigator was not able to resolve the complaint informally, so the matter was passed to me for a final decision.

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, whilst I am sorry to further disappoint C's directors there is very little I can add to what our investigator has already said.

C's directors have spoken eloquently about the distress they suffered as a result of NatWest's mistake. It is clear that they have had an extremely difficult time, and I thank them for their openness with us. I acknowledge the strength of their feelings, but our investigator was right to say that we simply do not have the legal power to make an award for the emotional harm that they suffered. I realise that C's directors are unhappy about that, but I have no discretion on that point. The complainant here is C, and limited companies like C are not capable of having emotions. C, as a corporate entity, cannot have been distressed by NatWest's error, regardless of the emotional harm suffered by individuals associated with C.

It is of course possible for limited companies to suffer financial loss, but I am satisfied that NatWest's error did not cause a financial loss in this case. C's directors did not sign or return the 21 December 2023 documents, and the rates quoted in those documents were never actually charged. That means I don't think it would be fair for me to make an award for financial loss.

I consider that C did suffer some inconvenience as a result of receiving the wrong documentation. We publish information on our website about our approach to awards for inconvenience and other non-financial loss (see <https://www.financial-ombudsman.org.uk/consumers/expect/compensation-for-distress-or-inconvenience>).

Looking at what happened here, taking account of our guidance, and applying my own judgement, I consider that the payment NatWest has already made represents fair compensation for its mistake. I know that C's directors strongly disagree with me, but my opinion is that the bank's apology and £150 payment is enough.

My final decision

My final decision is that I do not uphold this complaint against National Westminster Bank Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask C to accept or reject my decision before 31 March 2025.

Laura Colman
Ombudsman