

The complaint

Ms B complains on behalf of the estate of her late mother, Mrs G, that National Westminster Bank Plc (NatWest) reinstated a direct debit (DD) without her permission and has failed to properly explain how this happened.

What happened

Following her mother's death Ms B cancelled DDs on her account. She was contacted by the local authority who requested payment of a bill relating to her mother, which Ms B thought might not be accurate. The local authority then said NatWest had reinstated the DD and it would collect payment on the invoice. Ms B cancelled the DD again pending clarification.

Ms B complained to NatWest and sent it a Bankers' Automated Clearing System (BACS) Payment Scheme report entitled, '*Advice of Direct Debit Amendments and Cancellations*' from the local authority. This shows instructions on 10 July 2024 to BACS and that a DD instruction was reinstated and gives the 'User' as the local authority. Ms B also said she didn't receive a call back from NatWest's bereavement, or complaints team as promised.

In its response NatWest said the local authority had issued a new DD mandate, but no funds left the account in respect of the DD. And the DD was '*cancelled by originator on 11 July 2024 after that it has been reinstate on 12 July 2024 by originator and cancelled again via online banking on 12 July 2024.*' NatWest said the 'originator' of the DD is the local authority who can set up new mandates, cancel and reinstate mandates, over which the bank has no control. NatWest apologised for the lack of call backs and paid Ms B £50 compensation.

Ms B replied that the local authority said NatWest requested the reinstatement of the DD via the BACS process and the local authority couldn't direct NatWest to do this and wouldn't make such a request. Ms B requested NatWest provide its internal notes regarding the set up and acceptance of the DD and a transcript of her call with NatWest of 12 July 2024.

NatWest said it wouldn't have had any contact from the local authority about reinstatement of the DD or its reason for doing so, and Ms B should contact them. NatWest offered to meet any out-of-pocket expenses for Ms B. NatWest said her request for evidence that NatWest didn't reinstate the DD on 10 of July, was reasonable, although the evidence it provided to our service from its internal system cannot be disclosed. NatWest offered Ms B further compensation of £50 for the trouble and upset caused by not explaining its position better.

As Ms B wasn't happy with NatWest's responses she referred her complaint to our service. She accepted NatWest's apology and payment for the lack of call backs and that the DD guarantee scheme would have protected her against an unauthorised payment. But she said it had used contradictory information and failed to provide documentary evidence about the DD. And further NatWest hadn't clarified the BACS report the local authority had sent saying this showed it was the bank and not themselves that initiated reinstatement of the DD.

Our investigator didn't recommend the complaint be upheld as NatWest hadn't made an error with the DD. She said banks have no control over DDs, they are sent from originating companies and the banks allow release of the funds as per the instruction. She said that

after the original cancellation request from Ms B, the request to reinstate the DD came from the local authority, and she attached a copy of the bank's system as evidence.

Ms B said she now accepted that NatWest hadn't reinstated the DD, but it had repeatedly failed to provide clear information and evidence of what took place. Ms B requested an ombudsman review her 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 was sorry to learn that what should have been a straightforward process of cancelling a DD by Ms B has turned into a prolonged and drawn-out experience. Part of my role is to determine whether what took place was reasonable and whether NatWest followed the process correctly.

Ms B complains that NatWest accepted a new DD mandate on her late mother's account without referring to herself as the personal representative of the estate. And she said NatWest accepted the local authority's reason for this as 'the customer did not want to pay'. Ms B said this misinformation came from the local authority and was accepted by NatWest as told to her in a call with the bank.

The record of Ms B's call with NatWest on 12 July 2024 has NatWest's call handler saying he doesn't know why the local authority reinstated the DD, and then speculating on the reasons. This is some way short of accepting that Ms B didn't want to pay the invoice and shows that NatWest was unaware of the reason the DD was reinstated.

I can well understand Ms B's wish to await an accurate invoice for her late mother's account before paying the local authority. I'm not sure if Ms B used the 'Tell Us Once' service provided by government to notify local authority's and other bodies of a death. This would normally help to avoid the misunderstandings that occurred on Mrs G's estate.

I can also understand Ms B's frustration at having the local authority and NatWest deny that they reinstated the DD. I can't look at the actions of the local authority as it isn't a party to this complaint. Notwithstanding Ms B's acceptance that NatWest didn't reinstate the DD, I have considered NatWest's actions and reviewed its file to determine what happened.

NatWest is correct to say it is a third party in the DD process. This means it isn't part of the contract between its customer and the payee business, which it refers to as the 'originator'. And so, NatWest had no control over the creation, cancellation or reinstatement of the DD. NatWest would have no obvious interest in amending a customer's DD with instructions.

I've seen screenshots from NatWest's internal system which show the DD cancelled by Ms B on 8 July 2024 and then reinstated by the originator (the local authority) on 10 July 2024. The local authority then cancelled the DD on 11 July 2024 only to reinstate it the following day. The screenshot shows that Ms B cancelled it again on 12 July 2024.

NatWest has provided a separate record entitled 'Cancel/Amend/Reinstatement History', which under 'Originator Name' shows the local authority and shows the 'Originator' cancelled the DD on 11 July 2024 only to reinstate it the following day. This document has been shared with Ms B, but NatWest in common with all banks, is entitled to maintain confidential internal records that it is not required to disclose to customers.

However, I can assure Ms B there is nothing within NatWest's records to show it received any contact from the local authority about the reinstatement of the DD or its reason for doing so. Only the local authority can tell Ms B why it sought to reinstate the DD.

The local authority sent Ms B a BACS Payment Scheme report entitled, 'Advice of Direct Debit Amendments and Cancellations'. This details instructions on 10 July 2024 to BACS and indicates that a DD instruction was reinstated and gives the 'User' as the local authority. This shows that the instruction came from the local authority, even though the local authority seemed to think this was evidence of its non-involvement in the DD.

Ms B said the report refers to the cancellation of the DD on 11 July 2024 as by the originator. She says this is incorrect as it was her, not the local authority that cancelled the DD. In fact, the record shows that both Ms B and the local authority cancelled the DD, only for it to be reinstated by the local authority the next day and further cancelled by Ms B.

NatWest should have called Ms B back as promised with the information she requested. And NatWest's letter of 6 August 2024 has inaccurate dates and terminology which caused Ms B confusion. NatWest later said it should be disregarded. I'm pleased NatWest has apologised to Ms B for this poor service, and I agree with the investigator that NatWest's offer/payment of £100 compensation is a fair and reasonable reflection of the stress and inconvenience this will have caused Ms B. Our guidance describes this compensation as fair in respect of, 'repeated small errors or a larger single mistake, requiring a reasonable effort to sort out.'

In respect of its handling of the DD I agree with NatWest and the investigator that the bank has not made a mistake and has endeavored to provide Ms B with the information about the DD mandate, albeit slowly, and so there is nothing further I can fairly require it to do.

I think it's important to explain that my decision is final. I realise Ms B will be disappointed by this outcome though I hope she appreciates the reasons why it had to be this way.

My final decision

For the reasons I have given it is my final decision that the complaint is upheld. If this final decision is accepted by Ms B, I require National Westminster Bank Plc to pay her a total of £100 compensation. This sum to include any amount already paid.

Under the rules of the Financial Ombudsman Service, I'm required to ask the estate of Mrs G to accept or reject my decision before 4 March 2025.

Andrew Fraser
Ombudsman