

The complaint

B complain National Westminster Bank Plc (“NatWest”) caused undue delay and failed to properly handle a compliance information request from a correspondent bank when instructing it to send funds to another firm of solicitors for a property transaction.

B say NatWest’s failings have caused them, the borrower and their solicitor, financial loss and inconvenience.

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.

B were acting for the mortgage lender. On the morning of 3 November 2023, they received the funds from the lender and instructed their bank, NatWest, to send around £197,000 to another solicitors’ firm who were acting for the borrower/buyer. I will now refer to the buyer’s solicitors’ as “P”.

As B had only received the funds from the lender that morning, they had to use CHAPS (Clearing House Automated Payment System) as opposed to Faster Payments to affect the payment. CHAPS allows a payment to be made on the same day. NatWest’s CHAPS terms say it must be instructed before 3pm for the payment to be sent to the recipient on the same day. B made the instruction in line with NatWest’s required process on the morning of 3 November 2023.

The completion of the property purchase, for which the contracts had already been exchanged, was set by the relevant parties for the 3 November 2023. As the funds had not been received by P by the afternoon, they pressed B about the payment. Both B and P then contacted their respective banks about what was causing the delay.

P’s bank, who I’ll refer now to as “Bank M”, are not direct participants of CHAPS. So, to enable it to participate and receive and send CHAPS payments it uses a third-party bank, who in this type of transaction are typically referred to as the correspondent bank. To keep matters simple, I will refer to them as “Bank B”.

Bank B had received the funds from NatWest, but it had some due diligence questions it needed responding to from NatWest before it was happy to process it and forward onto Bank M.

NatWest say it didn’t open this message until after the weekend on 6 November 2023, as it had only received it on Saturday 4 November 2023 – and its CHAPS teams doesn’t work on weekends.

B continued to contact and chase NatWest on 6 November 2024. On the afternoon of the 7 November 2023, NatWest asked B for the information Bank B needed to execute the payment. The funds were received by P and therein Bank M on 8 November 2023.

B say P are claiming damages from them for the late completion, including the costs their client, the borrower, incurred. B also want compensation, including financial loss, for the extra time they have had to spend in resolving the issue.

Unhappy with NatWest's actions, B complained. NatWest didn't uphold B's complaint. In summary, the key points it made were:

- Its teams work on a best endeavours basis when replying to external banks, as there are no SLA's (service level agreements). B responses were sent within 48 hours.
- Though the impact on the beneficiary's client may have been distressing and inconvenient, NatWest acted appropriately in its capacity as B's bank in a situation that arose outside its control.
- After reviewing B's emails, calls, and messages with NatWest regarding this matter efforts were made by its staff to help resolve the payment issue. Regardless, feedback to the relevant individuals and their managers has been given.

Later, as a gesture of goodwill for what had happened, B's relationship manager paid them £150. B referred their complaint to this service. One of our Investigator's looked into it, and they recommended it wasn't upheld. In short, they said the payment was urgent, but from the information available, NatWest didn't cause any unnecessary delays. So, it doesn't need to do anymore.

B didn't agree with what our Investigator said. They said that information received from Bank M via P, shows the request from Bank B was sent to NatWest at around 5am on 4 November 2023. And an acknowledgement was received by NatWest around 5pm on 6 November 2023. But a response wasn't provided until 8 November 2023. So, B say, this shows there was a substantial and significant delay in NatWest's response.

NatWest explained that whilst the message was sent on 4 November 2023, it wasn't received until 6 November 2023 as its CHAPS team only operate between Monday to Fridays.

Our Investigator also responded that they accept B didn't receive the information request until 7 November 2023, but NatWest is a financial institution that facilitates a large number of transactions. So, it would be reasonable to expect it to deal with requests like this in a timely manner - which it has.

As there was no agreement, this complaint was passed to me to decide. I then asked both parties for more information.

NatWest provided me more information, which includes interbank messages about Bank B's request and when it was received. It also explained that NatWest doesn't treat any customers differently or that it has special arrangements for particular types of payments. And any delay here would be attributable to the beneficiary's bank.

B provided me more details about the losses they, and associated parties, have incurred. I then sent both parties my provisional decision in which I set out what I was planning on deciding. For ease of reference, here is what I said I was planning on deciding:

Provisional decision

"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 B 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 am planning on upholding this complaint. I'll explain why.

Payment delay

From the technical evidence available to me, I'm satisfied NatWest sent the payment in line with its terms, and those related to CHAPS payments, on the same day B instructed it to do so. I note that neither party contests this point.

What's also clear is that the payment didn't reach Bank M that day because its correspondent bank, Bank B, withheld it due to its compliance checks. It should also be noted any dissatisfaction about the acts or omissions against any other regulated financial business fall outside the scope of this decision. That means, I can only look at the complaint against NatWest. After all, that is the regulated business B have a customer relationship with.

NatWest has sent me technical information from its internal systems which shows the message from Bank B was sent around 5am on Saturday 4 November 2023, and that it was picked up on the early morning of Monday 6 November 2023. NatWest says its dedicated CHAPS team do not work on the weekends. This is reasonable given they are not working days. Nor does it appear from the email chains B have sent me that they were open for business on the weekends – so any action by either party is likely to have made any difference if it took place on the weekend.

NatWest say it had no SLA's in with dealing with information requests from any beneficiary or correspondent bank for CHAPS' payments. And as it dealt with this matter within 48 hours from when it picked up the request, it hasn't done anything wrong.

Having given this careful consideration, I'm minded to not agree. I say that because it was clear from all the communications, I've seen, that B were doing everything they could to communicate with NatWest through its various channels about the urgency of the payment, and what consequences it presented to their reputation and onward parties sustaining losses. I'd also expect NatWest to have a good understanding of this particularly given the legal and contractual basis of the transaction.

So, I think NatWest should have done more than it did on the 6 November 2023 to respond to the query from Bank B. I'm satisfied that B would have provided the answers expediently given it was in constant communication with NatWest, particularly their relationship manager. Had NatWest acted as it should have, then the payment would most likely have been received by P on 6 November 2023. This would have mitigated any further detriment which carried on until the 8 November 2023 when the payment was made.

Fair redress

B say the following losses have been incurred:

- (1) Additional waiting time costs for the removal company of £550 and delayed interest payments to the seller's solicitors of £528.40, which were paid by the borrower.*
- (2) Mortgage payments/interest for five days due to late completion of £188.60.*
- (3) P's fees of £900 for the additional work they had to undertake and B's additional costs due to the additional time they had to spend amounting to £1000 plus VAT and any disbursements. These two costs haven't been invoiced as B felt it unfair to invoice the buyer/borrower given it wasn't their fault.*

As I've said earlier, the complaint I'm deciding here relates to B's customer relationship with NatWest. That means I can't award any compensation to third parties. So, I won't be making any award for any losses the borrower or P may have suffered. After all they are not the eligible complainants here.

B say the additional costs they incurred were over £1,000 which they haven't invoiced the borrower for. My understanding is that they were acting on behalf of the lender and not the borrower/buyer. I think this cost really amounts to B being severely inconvenienced outside of their normal business operations based on the evidence I've seen of substantive amount of emails and calls they were having to make.

In line with our service's approach to such awards, which is available on our website, and based on the severe level of inconvenience NatWest's failings caused, I'm persuaded an award of £500 is fair compensation. In making this award, I've weighed up that B have already received £150 as a gesture of goodwill.

I can't consider any distress here given B are a limited company and therefore a separate legal entity to a private individual who may suffer emotions like distress".

NatWest accepted what I said and sought clarification on whether it should pay £500 compensation on top of the £150 it has already paid. I explained that was the intention of what I was planning to decide. To be clear, it should pay B £500 compensation on top of the £150 it's already paid him.

B agreed that the complaint should be upheld. Though they did add they are of the view that the full award should be made to them as requested taking into account all the losses suffered by the borrower, P and themselves. The reason being that the borrower having suffered loss, the claim for that loss suffered has been directed towards B.

B raised the complaint on the basis that NatWest is responsible for the losses that were incurred and therefore they should be directed to meet the costs/losses incurred by all the relevant parties. B fear that, if the borrower is not awarded/compensated for the loss they incurred a further legal claim will be made against them.

As both parties have responded, I will now decide this 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.

Having done so again, I have decided to uphold this complaint for the same reasons as in my provisional decision – see above.

I note that B say NatWest should be held culpable for the losses that the borrower and P acting for them sustained. But for the same reasons as above, I can't consider losses third

parties have suffered. To be an eligible complainant for our service to consider a complaint, a customer relationship must exist between the respondent regulated business. I'd also add that B are talking about the borrower and P holding them liable for their losses. But this appears on a hypothetical basis. So even if I was able to consider these losses, which I can't, I wouldn't be making any award for something that hasn't happened.

My final decision

For the reasons above, I have decided to uphold this complaint. I now direct National Westminster Bank Plc to pay B £500 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask B to accept or reject my decision before 25 April 2025.

Ketan Nagla

Ombudsman