

The complaint

Messrs S, the partners in a business, have complained about problems they encountered with their banking arrangements with NATIONAL WESTMINSTER BANK PUBLIC LIMITED COMPANY trading as Ulster Bank between October 2023 and . The problems encountered affected their current account and three secured loans. While the mistakes have been corrected, Messrs S don't consider that they have been compensated for their losses or that they have been paid enough compensation. In addition, they want Ulster Bank to pay the cost of their business adviser dealing with the matter.

What happened

In 2023 the Messrs S' partnership had four accounts with Ulster Bank – a business current account and three loan accounts. The payments to the loans were made quarterly. On 18 October 2023 a payment holiday was arranged for the three loan accounts, which was due to end after six months. During that period, the interest that was due on the account was 'diverted' to the partnership's current account. So interest was paid on the outstanding balances of the loans, but the capital element of the normal monthly loan payments was not. Unfortunately, Ulster Bank made mistakes with the administration of the arrangement – it did not calculate the interest diversion correctly initially, and it did not end the arrangement on one of the loan accounts in February 2024.

In December 2023 Messrs S queried the interest that had been charged to the business current account. An interest recalculation was requested, and in the meantime, Ulster Bank increased the current account overdraft facility by £10,000 between 22 December 2023 and 3 January 2024. It appears that Messrs S wanted this extended for a further period, but Ulster Bank did not agree to do so. Ulster Bank also, incorrectly, confirmed that the interest charged to the current account was right, whereas the figure was just over £7,200 higher than it should have been.

It was not until July 2024 that Ulster Bank realised that it had been using an incorrect process when it had checked the interest that had been charged during the payment holidays. A further problem was identified, in that the end of the payment holiday was not correctly keyed on one of the loan accounts, and the interest continued to be deducted from the current account. Ulster Bank corrected the account balances and refunded the additional interest that had been incurred due to more of the current account overdraft facility being used than should have been – this payment was credited twice by mistake, but Ulster Bank did not attempt to reclaim it. Some fees associated with the situation were also refunded. Ulster Bank also credited the current account with £250 for the poor service it had offered. Subsequently, Ulster Bank offered to increase the compensation to £500, but Messrs S did not accept the offer.

Messrs S are not satisfied that what Ulster Bank has paid has addressed all of their financial losses nor did it compensate them for the stress and additional work the situation caused them. In addition, they considered that Ulster Bank should pay the cost of their business adviser assisting them sorting out the problems and making their complaints.

Messrs S have provided evidence of the sale of farm stock for slaughter between June 2023 and September 2024. They have said 20 more animals were slaughtered in December 2023 and June 2024 than would otherwise have been, but for the overcharged interest by Ulster Bank. They have explained that had they been able to sell the animals when they otherwise would have, they would have received more for them, as they were in poor condition at the times of the sales. In addition, had they been able to sell the cows later they would have produced calves first and would have been producing milk, which would have been sold. Messrs S have calculated that they made a loss of slightly under £29,000 from sending the additional animals for slaughter. In addition, they've told us that they had to sell some surplus farm equipment in February 2024 to help with their cashflow, along with having to use their own savings and borrow money from family members.

One of our Investigators considered the complaint. He explained that the new issues Messrs S had raised with us, but which had not been part of the complaint to Ulster Bank needed to be referred to the bank before we could become involved with them. In relation to the merits of the complaint that we were considering, the Investigator didn't recommend that it be upheld. This was because he was satisfied that what Ulster Bank had done, and offered to do, was sufficient to put things right.

Messrs S did not accept the Investigator's conclusions. They highlighted that it was their business adviser that noticed the error Ulster Bank had made and they explained that they were dissatisfied that his fees had not been awarded. They said that to lodge a formal complaint was complex, time consuming and stressful, and as such they needed the assistance their business adviser provided. They also disagreed that they had been adequately compensated for the stress the matter had caused. As such, they asked that the complaint be passed to an Ombudsman for review.

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.

Ulster Bank has accepted that it made a mistake in its administration of the payment holidays on Messrs S' loans. As such, I don't need to consider if it did anything wrong. I only need to consider what it has done so far to put the situation right and if it needs to do anything more.

Messrs S have confirmed that they are satisfied that the adjustments to the current and loan account balances set right the miscalculation. So what I need to consider is the matter of the additional losses they have claimed for and whether the compensation paid is sufficient, given the circumstances of the complaint.

Messrs S have said that they have suffered a loss due to having to sell animal stock earlier than they otherwise would have. This resulted in a lower price being received because of the poor condition of the stock, and the lower prices at the time. In addition, they've said that as the cows were pregnant when they were slaughtered, they have lost out on the value of the calves that would have been born and the milk the cows would have produced for sale. They've calculated the loss as a little under £29,000.

I have considered this matter carefully and I am satisfied that the information provided does evidence that at the least, more animals were sent to slaughter in June 2024 than had been in the previous June. This may be because of the £7,000 that Ulster Bank had incorrectly charged. However, I also note that Messrs S have confirmed that they were experiencing financial difficulties even without that error having been made. This is supported by the fact

that they asked for the payment holiday on their loans and that the balance of their current account had been in excess of their overdraft facility in the months before the payment holiday.

In order to make an award in respect to consequential losses, I must be satisfied that they were directly related to the error on the part of the financial business and that they were foreseeable. I know that Messrs S will not agree, but given the financial situation the partnership had found itself in due to external factors before the errors occurred, I am not sufficiently persuaded that they had to slaughter additional stock directly because of the error made by Ulster Bank rather than because of the already existing financial difficulties.

In relation to the costs that have been incurred due to the business adviser dealing with this issue for Messrs S, in order to make an award, I would need to be satisfied that they could not have dealt with the matter themselves, had they wanted to. I am not persuaded that is the case. While I have noted that Messrs S have said the business adviser was the one who noticed the error in the first place, that doesn't mean that they needed him to discover the error or to deal with the matter for them. They would, reasonably, have had an idea about how much the payment holiday would save them and could have identified that the debits to their current account were not reflecting those savings. They then could have raised the issue with Ulster Bank, raised a complaint if they thought it was wrong in its response and referred the complaint to this Service, without assistance. I understand that they are busy with their business, and it would have made sense to them to have their business adviser handle the matter, but I can't require Ulster Bank to pay those costs in such circumstances.

Messrs S have said the compensation paid is insufficient, given all the stress they experienced. In this case, Messrs S were already in a stressful situation before Ulster Bank made the mistake – this was due to having a deficit between the cost of producing their product and the income they received from it, and the overall situation with their farm. While I accept the errors made by Ulster Bank would have added to the stress they were already experiencing and would have made matters worse, I can only award compensation for the *additional* stress the bank caused. I have considered the situation, and I am satisfied that the amount already paid, including the overpayment of refunded interest, plus the additional £250 offered, is appropriate and sufficient in the circumstances.

My final decision

NATIONAL WESTMINSTER BANK PUBLIC LIMITED COMPANY trading as Ulster Bank has already paid redress and compensation, and it has made an offer to pay Messrs S an additional £250 compensation to settle the complaint. I am satisfied this is fair in all the circumstances. As such, my final decision is that NATIONAL WESTMINSTER BANK PUBLIC LIMITED COMPANY trading as Ulster Bank should pay a further £250 in full and final settlement of this complaint.

Under the rules of the Financial Ombudsman Service, I am required to ask N and N to accept or reject my decision before 28 July 2025.

Derry Baxter
Ombudsman