

The complaint

Ms K and Mr H complain that NATIONAL WESTMINSTER BANK PUBLIC LIMITED COMPANY ('NatWest') failed to notify them that it had not paid a regular payment from their savings account due to insufficient funds. They also complain about NatWest's poor service and that it failed to deal with their central complaint.

Ms K has brought the complaint on behalf of herself and Mr H. For ease I'll refer only to Ms K unless the facts require otherwise.

What happened

In March 2025 I issued my provisional decision on this complaint. I wanted to give both parties a chance to provide any further evidence or arguments before I issued my final decision. That provisional decision forms part of this final decision and is copied below.

"What happened

Ms K and Mr H have a current account and a savings account with NatWest. They had a regular payment of £360 set up from their savings account to their account with a bank abroad (their 'European bank'). I understand the payment was originally to cover the mortgage for their home abroad, but they continued with the payment after their mortgage was repaid.

In March 2024 NatWest did not make the regular payment to Ms K and Mr H's European bank account. It is now common ground that this was because there were insufficient funds in their savings account to cover the payment.

But Ms K says NatWest did not notify them that it had not made the regular payment. She says it was not until April 2024 when they were abroad that they realised the payment had not been made. They had issued a cheque on their European bank account, which had been returned unpaid or 'bounced'. This meant they received a letter from their European bank to their home saying they would be banned from issuing cheques in that country for up to five years.

Ms K complained to NatWest. She says (and NatWest now accepts) that she was given conflicting information about why the regular payment was not made in March 2024. She says the NatWest branch staff couldn't find any record of the bank notifying them of the unpaid regular payment. She says had NatWest notified them they would immediately have made a direct payment to their European bank account and paid money into their savings account (as they did when they realised the problem). They point out that they had a substantial credit balance in their current account with NatWest. They asked NatWest for a letter to give to their European bank to explain its error.

NatWest responded with a summary of the complaint that Ms K said was not accurate. NatWest said the payment failed in March 2024 due to insufficient funds. But it said the 'standing order' remained active. As it did not consider it had made a mistake NatWest said

it would not contact Ms K and Mr H's European bank. But it paid them £60 for their time, distress and inconvenience.

Ms K was unhappy with NatWest's response, which she said did not deal with her central complaint that the bank had not told them the regular payment had failed. She came to us. She added that she had set up a new payment to the European bank account because she had been told the standing order was not active on her savings account. But since then NatWest had made further payments from her savings account to the overseas account, meaning a duplication of payments.

NatWest sent us its response to the complaint. It said Ms K's account was set up for text alerts but it could not show one was sent about insufficient funds because it kept a record of alerts for only 90 days. It said it wouldn't use money held in another account to pay a standing order on a different account without a specific instruction. NatWest said it would send a letter to the European bank, but this would explain why the payment was not made which might not help Ms K. It said the payments from the savings accounts were not standing orders, which are no longer allowed on savings accounts and cannot be sent abroad. NatWest added that the regular payment to the European bank account was a 'Diarised Standard Transfer'. NatWest said it had not made an error but accepted that it had given Ms K conflicting information and a poor service. So it said it would pay Ms K and Mr H an additional £90 compensation (£150 in total).

Our Investigator upheld the complaint in part. She said Ms K had a responsibility to be aware of the amount of money in her savings account. But she accepted, on balance, that Ms K had not received any notification that there had been insufficient funds to pay the March 2024 regular payment. Ms K had also been given conflicting information by NatWest. Our Investigator said Ms K could send a copy of the Investigator's assessment letter to the European bank and that £150 total compensation was fair.

Ms K said that £150 didn't reflect her time, distress and inconvenience but she would accept the compensation as that wasn't the focus of her complaint. But she wanted a letter from NatWest explaining that she and Mr H did have sufficient money to pay the regular payment. She also said that payments had been made both from her current account and her savings account, and again she had been given conflicting information about whether the savings account regular payment was active.

NatWest said it could provide a letter but it would say that they didn't have sufficient funds in the savings account.

Our Investigator said the complaint about the further payments would need to be treated as a new complaint. Ms K accepted that but asked for an Ombudsman to review her original complaint about the notification and NatWest's poor handling of her complaint.

I made an initial review of the complaint and asked for Mr H to sign our complaint form, as the accounts are held in Ms K and Mr H's joint names. Mr H has now done so.

I am very sorry to hear that Ms K has recently had a close bereavement. I send her my condolences.

What I've provisionally 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.

My decision is confined to Ms K's original complaint about the £360 regular payment in March 2024 and NatWest's handling of that complaint. I've not considered the linked but new complaint about the duplicated payments which our Investigator sent to NatWest in 2024.

NatWest has accepted it has given Ms K conflicting and confusing information about the regular payment from her savings account and I agree. I will set out what I understand to be the position and I will consider any additional evidence the parties wish to supply about this in response to my provisional decision.

NatWest's savings account terms and conditions say that standing order payments cannot be made from savings accounts. NatWest says that the regular payment of £360 from Ms K and Mr H's savings account to their European bank account is a 'Diarised Standard Transfer'. But I think NatWest caused Ms K a lot of confusion not least as its staff have referred to their regular payment as a standing order. I note that NatWest has accepted the inconvenience this caused and I am pleased to see it proactively offered additional compensation as a result.

But I think NatWest also failed to deal properly with Ms K's central complaint, which was about its failure to notify Ms K that there were insufficient funds in their account to pay the March 2024 standard transfer.

Ms K says, and I accept, that NatWest's branch staff told her in May 2024 that it had searched against Ms K's account and there was no record of any text notification being sent to her to say there were insufficient funds to make the March 2024 payment. NatWest has told us that Ms K's account is set up for text notifications and that it keeps records of those notifications for only 90 days. But it had the opportunity to preserve the record given Ms K complained NatWest had not sent her a text notification within that 90 day period. Based on the available evidence and on the balance of probabilities, I don't consider it likely that NatWest did notify Ms K that she had insufficient funds to make the standard transfer in March 2024.

Had NatWest sent that text notification I accept Ms K's evidence that she would have made a direct payment to her European bank account immediately and paid money into her savings account for future payments. I say this as she arranged to set up a new regular payment from her current account and she credited money to her savings account when she was notified by her European bank of the unpaid cheque and became aware of the problem.

I don't think NatWest could reasonably have foreseen the impact that its failure to tell Ms K she had insufficient funds in her savings account; that is, that a cheque would be returned with the consequences that Ms K has described. And I think Ms K and Mr H do bear some responsibility to be aware of their account balances. But as Ms K says, she had the text notifications set up so she could have taken the necessary action to top up the account and to make a direct payment. It's clear to me that Ms K and Mr H suffered inconvenience and distress because they were not notified of the failed payment.

I understand Ms K and Mr H were not pursuing this complaint to seek compensation. Ms K has accepted the increased offer of £150 (to include the £60 already paid) that NatWest has offered, so I don't intend to interfere with this amount.

In response to Ms K's comments about the service she has received, I should say that any compensation I award is not designed to punish a bank or to deter it from providing poor service to its customers. But I think it's fair for NatWest to send Ms K and Mr H the letter of apology she's requested for its failure to send the text notification and its poor service.

In addition, I think NatWest should also send a letter to Ms K and Mr H's European bank as it has agreed to do, and I've proposed that the letter include the information set out below. The parties will see that I have asked for some information to be supplied to NatWest to include in the letter.

I should add that, from my own research my understanding is that a ban on issuing cheques in the relevant country would not be lifted unless Ms K could provide evidence to her European bank that she'd paid the beneficiary of the cheque. I am saying this as it's not clear to me that any letter from NatWest will give Ms K the outcome she is seeking.

For completeness, I should say that I don't consider that NatWest had any responsibility to transfer money from Ms K's current account to her savings account to cover the standard transfer. I can't see anything in its terms and conditions to say that it will do so in these circumstances. I've not seen any evidence to show that Ms K had any separate agreement that NatWest would make a transfer to the savings account if there were insufficient funds to make the standard transfer.

Finally, I appreciate Ms K was not given the four digit code to call her complaint handler, which was frustrating. But I don't think this prevented her from pursuing her complaint. I see she was able to explain her complaint to the complaint handler's colleagues who made a note of her concerns.

Putting things right

To resolve this complaint, I am minded to require NatWest to:

- 1. Pay Ms K and Mr H total compensation of £150 (to include the £60 already paid to them) for the distress and inconvenience it caused them, as it has offered to do.*
- 2. Send a letter to Ms K and Mr H's European bank (with Ms K to supply the address and account details to our Investigator in response to this decision) to include the following information:*
 - Ms K and Mr H had a Diarised Standard Transfer of £360 due to be sent from their NatWest savings account (account number to be inserted) to their overseas bank account in March 2024 (exact date to be supplied).*
 - NatWest did not make the Diarised Standard Transfer of £360 because there were insufficient funds in the savings account on the date it was due. Ms K and Mr H had sufficient funds in their current account to cover the £360 payment on the date the Diarised Standard Transfer was due but there was no arrangement to transfer funds from their current account to their savings account in these circumstances.*
 - NatWest has been unable to show that it notified Ms K and Mr H by text message that they had insufficient funds in their account on the date the March 2024 regular payment was due, even though their account was set up for text message notifications.*
- 3. Send a letter to Ms K and Mr H apologising for its failure to send the text notification and its poor service, as Ms K has requested."*

NatWest responded to say that it accepted my provisional decision.

Ms K responded to say she disagreed with my provisional decision on the point that NatWest

couldn't confirm if it had sent a text to warn of insufficient funds. She restated that she'd gone to a branch at the beginning of May 2024 and a (named) staff member searched and couldn't find any evidence that the text was sent. This was well within the 90 days. NatWest didn't give any explanation for the failure of text alerts. Ms K expected a far better service and resolution.

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've considered Ms K's comments but they don't lead me to depart from the findings I reached in my provisional decision. I confirm those findings here for the reasons given in my provisional decision and below.

I've found it's likely, on balance, that NatWest failed to send Ms K a text message to say she had insufficient funds in her account to send the diarised standard transfer. I appreciate that NatWest didn't give any explanation for this. But I don't need to understand why the text wasn't sent in order to decide a fair and reasonable resolution to this complaint.

Ms K says that she expected a far better service and resolution. I've thought about her comments and reviewed the complaint again. But I've explained in my provisional decision why I consider the outcome I've recommended is fair and reasonable. Ms K has not given me any new information or evidence to change my mind about the fair settlement to this complaint. I've set out the resolution I think is fair below.

Putting things right

To resolve this complaint, I require NatWest to:

1. Pay Ms K and Mr H total compensation of £150 (to include the £60 already paid to them) for the distress and inconvenience it caused them, as it has offered to do.
2. Send a letter to Ms K and Mr H's European bank (*subject to Ms K supplying the address and account details to our Investigator and/or NatWest*) to include the following information:
 - Ms K and Mr H had a Diarised Standard Transfer of £360 due to be sent from their NatWest savings account (*account number to be inserted*) to their overseas bank account in March 2024 (*exact date to be supplied*).
 - NatWest did not make the Diarised Standard Transfer of £360 because there were insufficient funds in the savings account on the date it was due. Ms K and Mr H had sufficient funds in their current account to cover the £360 payment on the date the Diarised Standard Transfer was due but there was no arrangement to transfer funds from their current account to their savings account in these circumstances.
 - NatWest has been unable to show that it notified Ms K and Mr H by text message that they had insufficient funds in their account on the date the March 2024 regular payment was due, even though their account was set up for text message notifications.
3. Send a letter to Ms K and Mr H apologising for its failure to send the text notification and its poor service, as Ms K has requested."

My final decision

For the reasons I've explained, my final decision is that I uphold this complaint and I require NATIONAL WESTMINSTER BANK PUBLIC LIMITED COMPANY to take the steps set out in the "Putting things right" section above

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H and Ms K to accept or reject my decision before 12 June 2025.

Amanda Maycock
Ombudsman