

The complaint

M, a trust, has complained National Westminster Bank Public Limited Company won't refund money they lost as the result of transaction made by an ex-officer of the trust.

What happened

M is a small trust set up by residents of a small development. Each pay £150 a month into a NatWest account. These funds are used by M to pay for care and maintenance. M's complaint has been brought to the ombudsman service by Mr C, one of the residents and secretary to the trust.

In August 2023, the treasurer (who I'll call Mr F) made two withdrawals from M's account. These payments were for £4,000 and £155. These payments went to Mr F's personal account. Shortly after this, submissions were made to NatWest to amend M's mandate so that Mr F was formally removed as an authorised signatory.

Mr C complained to NatWest that he'd been into a NatWest branch earlier in 2023 to remove Mr F from the account and was assured that he'd already been removed. When Mr C discovered the two withdrawals on 4 and 31 August 2023, he argued NatWest should reimburse M as these transactions were unauthorised.

NatWest confirmed that, in accordance with the mandate in operation at the time of these transactions Mr F was authorised to make these withdrawals. They accepted that their branch staff had acted in error by providing wrong information to Mr C. In August 2024 they provided £500 in compensation to M for what had happened. A further £150 was later added to this.

Mr C brought M's complaint to the ombudsman service as he believed M should be refunded in full.

NatWest in their evidence argued that this was a civil dispute between the different residents. They weren't in a position to say whether the money Mr F took was due to him or not, so couldn't state that these withdrawals weren't agreed by the different participants within the trust.

Our investigator accepted that there'd been a clear error made by NatWest staff. In accordance with our guidelines when considering whether compensation was due, he felt that £650 was fair and reasonable. He also noted that at the time Mr F made these withdrawals, it appeared that he was authorised to do so.

Unhappy with this outcome, M have asked an ombudsman to consider their complaint. In the interim they decided to proceed with a subject access request with NatWest.

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, I've reached the same conclusion as our investigator. I'll explain why.

Where there is a dispute about what happened, I have based my decision on the balance of probabilities. In other words, on what I consider is most likely to have happened in the light of the evidence.

There are a few different threads to what happened here. It's clear from Mr C's submissions to our service that there is an outstanding dispute between the different residents. This involves issues around ownership, liability, land registry and personal behaviour. I don't dispute Mr C's strength of feeling about what has happened, but it is not for our service to determine issues outside of our purview.

Whilst it may seem harsh, the issues I'm reviewing are only about what NatWest has done, whether their error had an impact on the disputed withdrawals and whether those were authorised in accordance with relevant legislation.

When considering what is fair and reasonable, I'm required to take into account: relevant law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to have been good industry practice at the relevant time.

The regulations which are relevant to M's complaint are the Payment Services Regulations 2017 (PSRs). These primarily require banks and financial institutions to refund customers if they didn't make or authorise payments themselves.

There is no dispute that the evidence shows that M's mandate was only changed in September 2023 to remove Mr F. This was after the withdrawals made in August. It is, therefore, simple to confirm that at the time of these transactions Mr F was an authorised signatory of M's account. Although Mr C believes NatWest failed in their duty, I don't believe that's the case.

I have considered what Mr C was told when he attended branch prior to the withdrawals. Again all parties accept, that for whatever reason, Mr C was told Mr F had already been removed as a signatory from M's account.

I have previously suggested to NatWest that there was a distinct causal link between what Mr C was told and the action he then didn't take – which was to enact all the appropriate decisions by the trust to remove Mr F from the account – prior to the disputed withdrawals. I felt if this was the case then NatWest should consider repaying the funds taken by Mr F.

NatWest didn't agree with this. Whilst they accepted there'd been an error saying "*the branch staff are not familiar with business processes*", they felt that this was misinformation rather than leading directly to the withdrawals.

After considering this, I have further reviewed the evidence submitted by both NatWest and Mr C, on M's behalf.

I have specifically reviewed the submission sent to our service by Mr C on 14 September 2025. I believe he has completed his review of evidence that NatWest provided to him after a subject access request. His submission included detail on the dispute within the trust and the attempt to bar Mr F. Having reviewed this – including the chosen excerpts from solicitors involved in the dispute – I am less sure about who is at fault here. There are numerous allegations about behaviour and counter-arguments put forward.

I feel that this seems to suggest a well-seated civil dispute between individuals within the trust. It is not our service's role to decide who is right or wrong within this arrangement. I am

also aware Mr C has raised concerns that if NatWest were to refund, this should not be repaid to M's account, *"as there is an active mandate dispute and a disputed signatory currently has access"*.

I've also noted that this matches evidence from the branch. Whilst admitting they made an error, the branch suggests that the dispute about signatories to the account *"was going backwards and forwards with each signatory"*. I can appreciate why NatWest advised this dispute about funds appeared to have its roots in a separate dispute within the trust.

This confirms to me that there is more here than NatWest making an error. Having noted this, I believe that NatWest were correct in paying compensation but that it wouldn't be fair to expect them to reimburse M when there is obviously more behind this dispute.

I have also considered whether the nature of these transactions should have alerted NatWest to intervene. However as far as NatWest would have seen, payments went to Mr F's own account so despite the value of the transactions, I wouldn't consider this to be sufficiently unusual to merit intervention.

£650 seems fair and reasonable when considering the full circumstances. I, therefore, won't be asking NatWest to do anything further.

I appreciate this outcome will be disappointing to Mr C.

My final decision

For the reasons given, my final decision is not to uphold M's complaint against National Westminster Bank Public Limited Company.

Under the rules of the Financial Ombudsman Service, I'm required to ask M to accept or reject my decision before 16 January 2026.

Sandra Quinn
Ombudsman