

complaint

S, an organisation, complains that National Westminster Bank Plc has provided a poor level of service.

background

S had an auto sweep arrangement which would allow for money to be moved between its deposit account and current account. It was concerned that this facility had stopped working. S said that it would move money into the current account to cover upcoming debits and the bank would move would move money back from the current account as part of the sweep arrangement. S said this meant it incurred charges. The bank said that the sweep was working, but on several occasions the money was not transferred as there were insufficient funds to cover debits due on the current account.

S also held a separate current account which had little activity and it considered it paid excessive charges for this account. It says it asked for the account to be closed but the bank did not act on this request. The bank said it had no record of the request, but it refunded £44.17 interest and charges and closed the account.

S moved its accounts to another bank in early 2011 and NatWest received instructions from the new bank to transfer the accounts. It did so, but S has said that a number of payments made by third parties were not transferred. S has been unable to identify some of the payees and it calculates that it has lost some £24,000. The bank has said that it acted on the instructions of the authorised signatories to the account to close it and it is not responsible for payments made by third parties.

However, the bank acknowledged that it had taken three requests from the new bank before it took action to close the account and effect the transfer. NatWest also accepted that on several occasions it had not returned calls or made it possible for the treasurer to contact it. For these failings it offered the organisation £200 compensation.

S remained unhappy with the bank's response and brought the matter to this service. The adjudicator recommended that this complaint be upheld in part. She acknowledged that there had been delays by the bank in effecting the transfer and it had not made contact easy for the treasurer. For that she considered an extra £100 compensation should be paid. The bank agreed to a further £100 compensation, but organisation remained unhappy.

S said the bank had taken money out of the current account under the sweep arrangement that had resulted in the charges being levied. It also had not told the organisation to ensure that payees were notified of the change to the new bank.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

There are two key elements to the complaint made by S. Firstly it believes that the bank operated the sweep in a way that caused it to incur charges. Secondly it says that NatWest didn't transfer regular payments to the new bank once the account was closed, or it didn't make S aware that these payments would not be transferred.

Looking at the sweep I have reviewed the accounts and it seems to me that the bank operated it correctly. S incurred charges on six occasions and the bank has reviewed each of these and identified that there were insufficient funds available to transfer into the current account. I gather that on all other occasions the sweep worked well. I cannot see that the bank can be held responsible for the charges when it operated the sweep as agreed.

The transfer of the account to the new bank took place before recent changes to the rules governing changing banks. Now S could ask that regular credits be transferred to the new bank, but at the time of the switch that was not possible. NatWest has pointed out that the responsibility for the switch lies with the new bank and it only acted under instruction from that bank. I have seen the instruction signed by representatives from S and it does not include any instructions on what NatWest should do regarding incoming credits or standing orders. NatWest did what it was instructed to do. I acknowledge that it delayed taking action and the new bank had to send two reminders before the transfer was effected. I agree with the adjudicator that it was not the bank's responsibility to control and manage the transfer.

While I have every sympathy with the organisation I do not consider that NatWest can be held responsible for the reduced income during and following the switch. The bank has accepted that there were service failings, it didn't make contact easy and it delayed the transfer. For that it has agreed to pay S £400 compensation which I consider to be reasonable.

my final decision

My final decision is that I uphold this complaint in part and I direct National Westminster Bank Plc to pay S £400 compensation inclusive of any sums already paid. Under the rules of the Financial Ombudsman Service, I am required to ask S to accept or reject my decision before 1 June 2015.

Ivor Graham
ombudsman