

## Complaint

Mr F, a director of Company C, is complaining on behalf of C. The complaint, in summary, is that due to misinformation by National Westminster Bank Plc, the company proceeded to switch its account to another bank and that led to several difficulties to C, resulting in a substantial financial loss.

## Background

The background to the complaint is set out in my provisional decision, a redacted copy of which is attached. My provisional decision forms part of this decision. In summary, I said:

- I consider it more likely that the Relationship Manager (RM) at NatWest gave incorrect information at the outset. This caused C to start taking steps to switch its account to Bank A.
- However, subsequently, there was adequate information to C that suggested what RM said might not be accurate. At that time C could have paused the switch and not proceeded until it obtained full clarification. Indeed, C raised a complaint at the time about the potential misinformation by the RM and NatWest responded to it clarifying what RM said wasn't accurate. C says that it did not receive the response but there is no evidence either that it followed up on the complaint further at that time with NatWest. Essentially, in my view, C proceeded with the switch without fully clarifying the matter with NatWest.
- Bank A initially provided a loan of £20,000 with a view to increase it to £35,000. That was helpful to C. However, in July 2018, Bank A declined to provide the further £15,000. It seems to me that this in turn may have led to the subsequent difficulties for C. I haven't seen any evidence to show that C contacted NatWest during this period for funding and that it was unfairly rejected.
- C says that it did seek NatWest help with funding, but the bank conflated C's request for funding with its complaint. That appears to have happened around September / October 2018. Nevertheless, I see that NatWest did respond to its loan request in November and said that it wouldn't offer a loan as C's credit rating had been affected (by then).

Overall, I concluded that NatWest should pay C £500 for the inconvenience caused to it initially due to RM's misinformation. However, I did not think that NatWest could fairly be held responsible for subsequent difficulties caused due to C proceeding with the switch.

NatWest accepted my provisional decision. Mr F did not. In summary, he reiterated that the RM gave inaccurate advice and took no subsequent steps to rectify his advice regarding the postponement of the Switching System. He also reiterated his unhappiness over how NatWest treated C's complaint and how it conflated C's request for a loan with the complaint.

Mr F also felt that NatWest had used our service 'to prolong and therefore cause the damage in a case where it could have apologised, explained that the advice was incorrect and helped C to recover its position in April or May 2018'.

### **my findings**

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 see no reason to depart from my provisional decision. I appreciate that this entire sequence of events caused considerable difficulties to C. But I remain of the view that though C may have been provided with incorrect information at the outset, I cannot fairly attribute all of C's subsequent difficulties to it. C need not have gone ahead with the switch without fully clarifying the matter.

I fully understand C's unhappiness over how the bank dealt with its complaint in October/November 2018 as well as the subsequent issues such as its failure to produce the call recordings to enable C evidence what the RM had said. As I said in my provisional decision, I have accepted C's version of events as to what it was advised by RM. However, I consider that much of C's unhappiness about what happened since October 2018 related to the way NatWest handled its complaint and that is not something this service is able to consider.

### **my final decision**

My final decision is that this complaint should be partly upheld for the reasons already given. In full and final settlement of the complaint, National Westminster Bank Plc should pay C £500.

Under the rules of the Financial Ombudsman Service, I'm required to ask C to accept or reject my decision before 14 July 2021.

Raj Varadarajan  
**Ombudsman**

### Copy of the provisional decision

#### **Complaint**

Mr F, a director of Company C, is complaining on behalf of C. The complaint, in summary, is that due to misinformation by National Westminster Bank Plc, the company proceeded to switch its account to another bank, and that led to several difficulties resulting in a substantial financial loss.

#### **Background**

The background to the complaint is well known to both parties and so I won't repeat that at length here. Briefly, as I understand it:

In February 2018 C was in discussion with its relationship manager (RM) in NatWest about a new loan or overdraft arrangement for £35,000.

It says the RM advised that because it was a customer of Williams & Glyn, it would be asked by NatWest to move its accounts to a challenger bank under a pending switch scheme. It was told that the deadline for the switch was 1 June 2018 and therefore if C were to take a loan from NatWest before, it may be required to repay the loan when the switch happened. This was because the challenger bank would not be obliged to take on the credit terms NatWest would extend to C.

C says that the RM also advised that if it stayed with NatWest, it would be a telephone banking customer with no access to Management Support or Business Hall support. This is something C did not prefer.

Because C was in need of urgent funds, it decided to go ahead quickly with the switch with the intention that after the switch it could contact NatWest for a loan. It chose a challenger bank ('Bank A') to switch its account.

Bank A initially provided a loan of £20,000 to cater to about 50% of C's funding requirement, with a view to increase it to £35,000 when C received the letter from NatWest confirming the switch.

C says that because it could only get partial funding, it had to use its operating capital to stay afloat. It says that this diminished its operating capital which led to it losing its credit rating. Meanwhile the switch scheme got delayed. Also, in July 2018, Bank A declined to provide further funding. C says all of this led to a series of difficulties, resulting in substantial financial loss.

C is of the view that all of this was caused by incorrect information provided to it by the RM. It says that had correct information was given by the RM in the first instance, it wouldn't have switched to Bank A and instead obtained funding from NatWest which the bank was agreeable to at the time. And none of the subsequent problems would have occurred.

Further, Mr F is unhappy with the way NatWest dealt with this issue over a period of time. In particular, he is unhappy that NatWest initially acknowledged that the RM gave wrong information but later said that would have been unlikely.

Our investigator reviewed the complaint and was of the opinion that the complaint could not be upheld.

In summary, he said that he had no reason to doubt what C says was told by the RM. However, C was aware that further correspondence from NatWest on the details of the scheme was expected. But before it received any formal invitation to participate in the

scheme, it proceeded to open account and seek funding from Bank A. Had C awaited further information from NatWest about the switching scheme, it would have been reassured that it did not have to move its account if it did not want to. It would also have been told that it would be able to transfer any lending with NatWest if it moved.

Mr F did not agree with the investigator. He said, in summary, that it was reasonable for C to act upon the advice from the RM. The situation was time critical and so it had to act swiftly. In any case, Bank A confirmed by end of April that the switch scheme had not commenced and that the scheme may not proceed. So it was still within the power of the RM to have explained this to C and renegotiated its requirements.

He explains that NatWest refused to discuss C's attempts to arrange a workable facility subsequently as it conflated its lending requests with the complaint concerning the misinformation about the switch. When C requested NatWest to provide a £40,000 loan, the bank treated the request as related to C's complaint about the misinformation and so wasn't prepared to discuss the loan requirement unless C made a formal complaint. So C had to make a complaint which was answered in October 2018 and again in November 2018. But C was informed that its 'damaged cash flow' meant that it was ineligible to get any loan from NatWest. Eventually NatWest agreed to provide some funding in April 2019 by way of overdraft of £30,000 but by that time substantial damage had already been done.

### **my provisional findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

C has provided detailed submissions to support its complaint, which I have read and considered in their entirety. However, I trust that it will not take the fact that my findings focus on what I consider to be the central issues, and that they are expressed in considerably less detail, as a discourtesy. The purpose of my decision is not to address every point raised in detail, but to set out my conclusions and reasons for reaching them.

There has been a lot of reference to C 'switching' its current account from NatWest to Bank A. Generally, switching a current account refers to situation where the existing current account is closed and a new one opened with all payments moved to the new account. In this case what happened was slightly different. C opened a current with Bank A but its current account with NatWest remained. It wasn't closed. I think it would be helpful to bear this in mind where there is reference to a 'switch'.

### ***Period to April 2018***

It was C's call with the RM in February 2018 that appears to have triggered the events that followed. In relation that call, it is difficult for me to know now with certainty what the RM told C. However, I find C's submission credible and consistent. I think it is reasonable to conclude from the subsequent actions taken by C that the RM may have led C to believe that the switch of its account was due to happen soon, C would become a telephone banking customer and that it may be better to apply for loan with NatWest after the switch.

As it turned out this was not accurate. However, that is not the end of the matter. I also need to have regard to what happened since RM's conversation with C.

C was told by RM that it would get a formal communication about the switch scheme from NatWest. That did not happen. C says that it contacted NatWest several times during March 2018 about this formal communication but didn't get any response. But C initiated the switch anyway without waiting for the letter.

During the third week of April the RM wrote to C to say that he was advised that the initial

batch of letters were sent on 9 April, but he could not confirm whether C was included in the batch.

Mr F called NatWest on 20 April. I have listened to that call. I know there is some concern from Mr F whether NatWest had provided only part of the recording. Nevertheless, from what I have heard, I think there was enough indication that ought to have created some doubt about what the RM had said.

For example, earlier in the call the NatWest staff who initially spoke to Mr F said that all the Williams & Glyn customers were “coming back” to NatWest and the switch was something “we are not looking to proceed with”. Mr F insisted that this was contradictory to what the RM said and so to get a better perspective he was transferred to a ‘specialist’ team.

It is possible that he may have spoken to another staff member in between, it is not very clear. Nevertheless the staff to whom Mr F finally spoke, said that he couldn’t give a date as to when the scheme would go live. He said that C will get a letter and before getting the letter it was not ideal to start the switch. He was unsure why the RM mentioned the date of 1 June and offered to raise a complaint about it.

I think all of this presented with adequate indications that what the RM advised C may not be quite accurate, especially about the 1 June deadline. In fact when the staff explained as above, Mr F said: *“What you are suggesting is that I have been given wrong information from the beginning, but it’d seem coincidental why would somebody mention 1st of June when everyone in the department is being made redundant on 31st May..... we didn’t have to do any of this – I have spent 6 weeks chasing everybody ..”*

The staff ended the call by saying that he would refer C’s unhappiness about what RM said to the complaints department and someone would get in touch with Mr F within 48 hours.

It does not appear that the complaints department called C as promised. However NatWest has given us a copy of its final response letter dated 26 April 2018. This letter states that there was no need for C to close the NatWest account before or during the switch process and it would all be done by NatWest. It also confirmed that C should not have been advised to switch as that would be the customer’s decision. So C should not have been advised to switch by 1 June.

Mr F says that C did not receive this letter and it is only recently the letter was mentioned first time by NatWest or by us. He also noted that the letter referred to the RM as “previous RM”. He doubted the accuracy of this because this letter was dated 26 April whereas the RM didn’t leave the job until 31 May.

I note that NatWest provided this letter to us at the outset and not recently. Indeed at the time NatWest argued that because this final response letter was issued in April 2018 and C did not complain to us until a year later, the complaint was time-barred. I also see that our investigator mentioned this letter to Mr F when they investigated the time bar issue.

I agree with Mr F that the letter confusingly refers the RM as ‘former RM’ but I think it was an error. Having reviewed the submissions, I am satisfied that it was more likely that the letter was produced and issued in April 2018.

I am unsure why C did not receive the letter as it appears to have been addressed correctly. Nevertheless, it seems to me that had Mr F seen this letter it was more likely that he would have contacted NatWest / RM on receiving it, to seek further clarification but there is no evidence he did. So I am inclined to accept Mr F’s contention that C may not have received the letter.

However I think it is essential to bear in mind that from NatWest’s perspective C’s complaint had been answered by then and there was no need for it to take any further action unless C

contacted it again.

Then on 27 April, Bank A wrote to C:

*“It is true that RBS are planning to incentivise their W&G customers to switch out and rebank with other banks. But this process has not yet commenced.*

*RBS will be writing to all eligible customers in the coming months ... The letter will also provide instructions on how to switch and which banks are taking part. [Bank A] is going to be one of these banks.*

*But for now we cannot do anything as RBS has not commenced the switching programme and we do not yet know if this customer is eligible....*

*However if you do not hear from them by mid-May then I believe this will mean that the incentive scheme will not be going through and I do not want you to miss out on switching your accounts information across therefore we will process the switch and will have to forget about the incentive”*

I think this once again casts doubt on what the RM told C, and this was another opportunity for C to pause and investigate the matter further but there is no evidence it did. C continued with the switch.

I appreciate C’s point that it was entitled to rely on what the RM said. I can also see why it wanted to take action swiftly given its urgency to secure funding. However, C has said that it had been with NatWest for over 20 years and it really didn’t want to leave NatWest if possible. In such circumstances, it would be reasonable to expect that it awaited the formal information from NatWest before proceeding with a big change like switching the bank or sought further clarification especially after the call on 20 April.

I consider that had it pursued this issue further, it would have come to light that there was no need for it to switch at that time and that would have allowed it to renew its discussion with NatWest about its funding.

Therefore I do not think that NatWest could fairly be held responsible for subsequent difficulties caused due to C proceeding with the switch. As I noted earlier, from its perspective it had addressed C’s complaint at the time.

However, it is clear that the RM’s advice resulted in C engaging in activities to start the switch of its account. As noted earlier, Mr F told NatWest that C had to spend six weeks on this and during that call he explained the various things C had to do in that regard.

Thus, though I think C could have paused the switch following the telephone call on 20 April, it was put to those inconveniences until then by RM’s advice. So I think it is fair that NatWest compensate C for the inconvenience caused by RM’s initial advice. Taking into account what Mr F told NatWest during the call as to what the company had to go through as a result, I think a payment of £500 would be fair and reasonable in relation to this matter.

### **May 2018 to September 2018**

Soon after the account was opened with Bank A, it appears that C got a £20,000 loan from Bank A but it says this wasn’t sufficient to its needs.

C says that the lack of funding during this period meant that it had to use operating capital to stay afloat and that in turn affected its credit rating leading to a series of difficulties. It says that it sought funding from NatWest during this period, but the bank conflated its request with the switch misinformation complaint. It says NatWest said that it wouldn’t consider further

funding when the complaint is being considered, and by the time it responded in October / November 2018, NatWest said that C's credit rating has been affected and so it wouldn't offer a loan.

I haven't seen any evidence of C approaching NatWest for funding during this period. Also, the situation from NatWest's perspective was that there was no open complaint as it had already answered the complaint on 26 April 2018. So it is not clear to me why, if after the switch C had approached NatWest for a loan, the bank would say that it couldn't consider a loan as a complaint was ongoing.

So based on available information I am unable to conclude that there was any error or omission on part of NatWest during this period. That said if C is able to produce any evidence to show that it did contact NatWest for additional funding soon after it switched the account with Bank A, I am prepared to review it.

### **October 2018 onwards**

There is a final response letter to C's complaint from NatWest in October 2018. It is unclear when the complaint was raised. The letter explained that the switch scheme will only launch in February 2019 and if C did not want to switch it could remain a business customer of NatWest. It apologised for any incorrect advice given to C by either branch or telephony staff.

Another final response letter was sent in November 2018. It said that based on 'new information' provided by C, NatWest had 'reactivated' the complaint. It once again explained the position in relation to the switch scheme. It went on to state that it was unlikely that C would have been advised by RM to make a switch to a challenger bank prior to the Business Banking Switch start date of 25 February 2019. As regards the funding, it said that C could apply for it and that would be subject to the usual criteria. Further letters were sent in March and April 2019 by NatWest along similar lines.

Mr F is clearly unhappy with NatWest's response that it wouldn't have been possible for the staff to know the names of the participating challenger banks until December 2018. He says there is clear and substantial evidence to show that the names of the challenger banks were known as early as 2017.

Mr F is also unhappy that the bank upheld his complaint in October 2018 only to retract from it in November. In my view this relates to the way NatWest handled his complaint and that is not something this service is able to consider. The rules governing which complaints we can look at are set out in the Dispute Resolution: Complaints ('DISP') section of the Financial Conduct Authority's ("FCA") handbook. DISP 2.3 sets out which activities fall within our compulsory jurisdiction. Complaint handling isn't a regulated or otherwise covered activity. So we can't investigate a complaint that is solely about complaint handling. However, though I cannot consider how NatWest handled the complaint, as can be seen earlier, I have accepted C's version of events as to what it was advised by RM.

### **In summary**

1. I consider it more likely that the RM gave some incorrect information at the outset. This caused C to take steps to switch its account to Bank A resulting in avoidable inconvenience. NatWest should pay £500 to C for this.

2. However, there was adequate information to C that suggested what RM said might not be accurate. C could have paused the switch and sought more clarification. Had it done so I think any confusion created by RM would have been resolved and C may have got the funding it needed from NatWest. But it failed to do so and carried on with the switch. So, I don't think it is fair to hold NatWest responsible for subsequent difficulties that arose to C.

3. I have also seen no evidence to show that C contacted NatWest soon after the switch for funding and that it was unfairly rejected.

**my provisional decision**

I appreciate this will come as a disappointment to C, but my provisional decision is that this complaint should be partly upheld and in full and final settlement of the complaint, National Westminster Bank Plc should pay C £500.

Raj Varadarajan  
**Ombudsman**