

complaint

The trust complains that National Westminster Bank Plc made a mistake when transferring money abroad for it, but has not provided adequate compensation for the losses incurred as a result.

background

NatWest accepts that it made an error which resulted in a delay in the transfer. The trust says that as a result it had to compensate the beneficiary of the payment for a contract which it lost. The bank paid the trust £1,500 to cover the loss of a deposit on the original contract and inconvenience caused, and then a further £288.89. That was to compensate for the difference between the cost of the original contract and a higher price which had to be paid for a new contract. However the trust says that the bank has not calculated that element of loss correctly, because it has based the calculation on the full price of the initial contract rather than a discounted price offered.

The adjudicator recommended that the complaint was upheld. He agreed that the calculation should have been based on the discounted price of the initial contract, and proposed that the bank should pay the trust the discount, plus interest on that sum at 8%. He noted however that the bank had offered to refund a charge imposed of £69.61.

NatWest did not accept the adjudicator's view. It said that it had used the full amount of the original contract in its calculation, because the discount was an arrangement between the bank's customers and the firm involved due to a working relationship between members of each organisation. It felt that it could not be bound to third party arrangements and be expected to reimburse if the contract did not proceed.

my findings

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

Since the bank's error is not disputed I shall focus on the issue of appropriate compensation for the consequences. I cannot see that the reason for the discount being offered is relevant to whether or not it should be taken into account.

There does not appear to be any dispute that the discount would have been available, had the money arrived when reasonably expected. The relevant invoice is clear regarding the amount (the discounted amount) being sought in respect of the original contract. The money sent would cover that amount, but not the full undiscounted original contract price. The trust had allowed adequate time for the money to arrive in order to complete the contract at the discounted rate. In the circumstances I consider that it is fair and reasonable for the bank to pay compensation based on the difference between the discounted original contract price and the new contract price: as well as refunding the charge as it offered. The discount amounted to Rs173,000. Work on the new contract was expected to be completed on 10 February 2012, when a final payment would be due and the trust would have required the additional money.

my final decision

My final decision is that I uphold the complaint. In full and final settlement I order

National Westminster Bank Plc to pay to the trust:

- a refund of the charge of £69.91;
- compensation in sterling of the equivalent (as at 10 February 2012) of Rs173,000;
- interest on the compensation at 8% simple from 10 February 2012 to date of settlement.

Hilary Bainbridge
ombudsman