DRN-4360783

The complaint

The trustees of a trust, which I will call T, complain that National Westminster Bank Plc's errors caused the trust to suffer investment losses.

What happened

T is a Small Self Administered Scheme, or SSAS. It has a professional trustee, which I will call B. One of its other trustees, Mr T, is also a beneficiary of the SSAS. Mr T brings this complaint to us on behalf of himself and his fellow trustees.

Mr T told us:

- T had two business accounts with NatWest. In July 2021, the trustees instructed NatWest to close those accounts. NatWest did not follow their initial instructions, and so the trustees sent new instructions in September 2021. The trustees had to exchange further correspondence with NatWest in order to ensure their instructions were carried out, and suffered inconvenience as a result.

- The NatWest bank accounts were eventually closed in mid November 2021. That meant he could not invest T's money as early as he wanted to do so, and the delays caused T to suffer a loss of around £36,000.

- B and NatWest have both told him that they are not at fault, but clearly one or the other of them must be to blame.

NatWest told us:

- The closure instructions it received in July and September 2021 were not signed in accordance with the mandate for T's bank account, so it did not initially process them. It was however prepared to follow the closure instructions once it had carried out additional due diligence. One of the accounts was closed on 14 October 2021, and the other (which was a 35 Day Notice account) was closed on 18 November 2021.

- It believes there might be some confusion dating back to the opening of the accounts in February 2017. The signing rules were set as "one signatory from group A and one signatory from group B". The closure instructions it received did include signatories from group A, but none from group B.

- For security reasons, it didn't provide full details of the signing rules in its initial responses to the closure requests. That is because its letters could have been intercepted, creating risk to the account.

One of our investigators looked at this complaint against NatWest, but did not recommend that NatWest make a payment. Briefly, she concluded:

- She thought NatWest had made a mistake – but she thought that mistake was made in February 2017 when the accounts were set up, not in July/September 2021 when NatWest decided not to act on the closure requests.

- The application form completed in February 2017 did not have enough space for the signatures of all of the people T's trustees wanted to be able to give instructions on the accounts. The form gave specific instructions for what applicants should do in those circumstances, but those instructions were not followed.

- If NatWest had reviewed the February 2017 application, it would have realised at that point that the trustees had not understood the relevant instructions. If NatWest had raised the issue back then, the trustees could have put things right well before anybody attempted to close the accounts. That would have meant the later closure instructions could have been processed without delay.

- However, she didn't think the delays in closing the NatWest bank accounts were the reason T suffered the investment losses Mr T claims. She noted that although the funds from NatWest accounts were available to the trustees in mid November 2022, they were not actually invested until February 2022. She didn't think NatWest could possibly be responsible for any delays experienced after November 2022.

- In any event, she wasn't persuaded that T had suffered the £36,000 of loss Mr T claimed. Looking at the figures provided by Mr T's independent financial adviser (IFA), she wasn't satisfied that the delays caused T to suffer a loss at all.

NatWest accepted our investigator's conclusions, but the trustees did not. B said that it was unclear how she had come to the conclusion that the requirements of the form completed in February 2017 had not been adhered to. Mr T said he couldn't understand why the investigator had not recommended compensation, and asked for the matter to be referred to an ombudsman.

I understand Mr T has also made a complaint to another ombudsman scheme in respect of B's actions, but the Financial Ombudsman Service can only consider a complaint about 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, whilst I'm sorry to further disappoint the trustees there is very little I can add to what our investigator has already said.

I agree with our investigator that the problem here occurred when the account was set up in February 2017. In July 2021, the trustees clearly had a different understanding from the bank as to the signing rules on the two accounts. But I won't address that issue in any detail in this decision, because I don't think it would be fair for me to award compensation regardless of whether (or when) NatWest made an error.

I consider that if everything had happened as it should – and nobody had made any mistakes at all in relation to the NatWest bank accounts – T's money would have been available for investment around the middle of September 2021. The NatWest accounts were in fact closed by the middle of November 2021, but the cash they contained was not invested until February 2022. I can't see that there is anything that NatWest did (or failed to do) that could have caused any delays after the NatWest accounts were closed in November 2021.

I can also see that in January 2022, Mr T's IFA estimated that T had suffered a loss of around £36,000 as a result of the delays in closing the NatWest account. However, that estimate was based on the assumption that those delays had prevented T from investing the whole of its assets, which at the time were worth approximately £2 million. The two NatWest bank accounts combined held less than £150,000 – and it is difficult to see how NatWest could have done anything to prevent the rest of T's money being invested.

In any event, Mr T's IFA explained in another email that as at the middle of December 2021, the cost of buying the intended investment portfolio was 2.81% higher than it had been 3 months earlier – and so a gain of £56,481 was lost. However, by the time investment was ultimately made in early February 2022, "markets had fallen below where they were the previous September, and you were able to buy in at lower prices".

The IFA went on to explain that "fortunately, markets fell back by the time monies [were invested in February 2022] … despite market conditions improving by the time investment could finally be made, it could easily have gone the other way making it a very anxious time unnecessarily. In addition, the 3-month delay to investing cash with [a named provider] equates to £115.50 in missed interest."

In the circumstances, my view is that in the end T did not suffer a financial loss as a result of the delays associated with closing T's NatWest bank accounts. If everything had happened as it should, the trustees would have been able to invest T's money in mid September 2021. They did not actually invest until February 2022 – but by that time, the assets they intended to buy had fallen in value. The practical effect was that the delay meant they got more for their money.

Put another way, I think the bank's actions meant that T was at risk of suffering a loss, but did not actually suffer one. I don't think it would be fair for me to make an award in respect of losses that T might have suffered but did not.

My final decision

My final decision is that I do not uphold this complaint about National Westminster Bank Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask T to accept or reject my decision before 14 November 2023.
Laura Colman
Ombudsman