

## **The complaint**

Mr C is one of the trustees of a trust, which I'll refer to as N. In this capacity, he complains that National Westminster Bank Plc has acted unreasonably in carrying out a business review of the trust. He says that the bank unfairly restricted the trust's account and refused to specify part of the review's requirements in writing.

## **What happened**

NatWest began a review of the trust in February 2022.

In May 2022, Mr C provided a copy of N's trust deed at the bank's request. The bank decided the trust deed didn't contain everything they needed, so asked for a letter about the trust in a prescribed format, signed by an accountant or solicitor. Amongst the pieces of information they asked for in this letter were the names of all beneficiaries.

Mr C was reluctant to provide this letter, but eventually did so in November 2022. In a covering letter, the trust's lawyers explained that it was a discretionary trust covering all descendants on a discretionary basis. The lawyers therefore didn't list all beneficiaries, since new ones could be added. The lawyers also provided a deed of appointment and retirement to the bank, confirming the appointment of a new trustee.

Also in November 2022, the bank put a restriction on the trust's account because the review wasn't complete.

Identification documents for the new trustee were provided on 23 December 2022. The restriction on N's bank account was removed on 4 January 2023.

In January 2023, the bank telephoned Mr C to say it required a further letter, confirming, in summary, that all trustees agreed to provide full identification information for any new beneficiaries before making a distribution to them. Mr C asked for this request to be put in writing, but the bank said this wasn't possible.

Mr C complained in January 2023 about the account restriction. The bank responded apologising for poor service and crediting the trust with £100 (as well as refunding an unpaid item charge).

Mr C says that he has also complained about the requirement for an additional letter about future beneficiaries and the bank's refusal to put this request in writing, but the bank just reiterated its previous response. NatWest dispute whether this complaint was made, but haven't objected to us looking into it.

One of our investigators looked into what had happened, but didn't recommend that the bank should take any further action.

Mr C disagreed and made the following points, in summary:

- NatWest had clearly put the required wording about beneficiaries in writing when corresponding with our service. So why couldn't they provide it to him?
- Surely financial institutions should resource themselves appropriately so they can provide the required level of service.
- Did our service think it was reasonable that the bank wouldn't put the required wording into their client portal, where all other information requests were made?
- We should take into consideration the countless phone calls he'd made to try and deal with the review amicably and efficiently. It had taken huge amounts of time and effort for more than a year.
- In the course of the review, NatWest had twice suggested he escalate his concerns as a complaint as that would be the only way to resolve the matter.
- Our investigator was condoning the bank's inconsistency in making some information requests in writing and others only verbally, without any recourse to a client's understanding.
- Financial loss should not always relate to a monetary loss. And £100 for all his time was derisory.

### **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'm sorry to further disappoint Mr C, but there is very little I can add to what our investigator has already said.

I think all parties agree that banks have regulatory obligations to fulfil, which require reviews to be carried out. Mr C's frustration is with the inconsistent manner in which the requirements of the review were communicated. At the time of the restriction of the trust's account, he says he was unaware of what requirements were outstanding. He says he has been forced to make many lengthy phone calls at each stage to understand this.

I appreciate that this has been a lengthy and frustrating process. The duration is not in my experience uncommon for trust reviews and to an extent, I think this is an inevitable part of a review. I say this because the process is that the bank gets some information, reviews it and then decides based on that information whether they need to ask more questions. The answers to those might then prompt further enquiries. It is part of the nature of this process that they can't ask for everything they want upfront.

Alongside general frustration with the process, Mr C's major specific concern at this point is the fact that the bank won't provide the wording regarding beneficiaries in writing. He has told us that he wanted it in writing so he could consult his lawyers and make sure it was correct.

NatWest have chosen for reasons of efficiency to require customers to use a portal to upload the information required during the review. I consider they are entitled to use this approach. However, it's clear that this portal has limitations. In particular, it only has a standard range of the most commonly required templates that customers are asked to complete. Where, as in this case, a non-standard letter is required, the bank can't provide a template through the portal. Neither do the agents carrying out the review have the power to provide this other than verbally.

I consider banks are generally entitled to choose the methods by which they communicate with their customers, provided they haven't contracted to do otherwise and they aren't dealing with customers with known vulnerabilities or communication needs. I also note that the required letter is only one sentence long (albeit a fairly long sentence). Mr C's communications with our service don't suggest that he would have any difficulties transcribing this accurately. I can also see that, in the spirit of helpfulness, our investigator provided the required wording some time ago to Mr C in writing.

That said, it would undoubtedly have been better service for the bank to put their requirements in writing when requested. But I'm afraid I don't think they breached anything in the terms and conditions governing the account by not doing so. Nor did they breach any regulations in my view.

Ultimately, the trustees aren't obliged to maintain the trust's account with NatWest if they don't like the way the bank have chosen to communicate.

I do agree that the bank should have communicated the review requirements more clearly and on occasions in a more timely manner. At the time the account was restricted, the bank's records suggest they had already decided they needed the further letter about new beneficiaries, but they hadn't communicated this in any way. It's also not clear whether they had told Mr C they needed identification documents for the new trustee until he phoned them. I can see that the bank accepted their service had been poor and apologised in their last complaint response letter.

NatWest also accept that the account was restricted for a short period longer than it should have been. This unfortunately coincided with Mr C writing a cheque on behalf of the trust, which was therefore returned unpaid. The bank have paid compensation of £100 for this and refunded the unpaid item charge. Given that the trust's account isn't very active and the period of the restriction was relatively short, I think this is sufficient to compensate Mr C for this issue.

I realise that this process, which still isn't as far as I know complete, has been onerous for Mr C. I sympathise with the amount of time he has had to spend on it. The bank could certainly have made it easier. But I don't think any of their requests were unreasonable. I know Mr C thinks the £100 compensation NatWest have paid is derisory. But overall I consider that the review, which is a regulatory requirement, would always have taken some time and effort on Mr C's part, even if communications had been smoother. For this reason, I'm not going to ask NatWest to pay any more.

It may also be worth me pointing out that the Financial Ombudsman can make awards for financial loss or for distress and inconvenience. Mr C has confirmed there is no financial loss here and our awards aren't designed to make a point or punish the bank.

### **My final decision**

My final decision is that National Westminster Bank Plc doesn't need to do anything more beyond the compensation already paid.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 9 January 2024.

Louise Bardell  
**Ombudsman**