

The complaint

Mr M complains that National Westminster Bank Plc failed to remove a charge on his property promptly. He says this delayed him taking out finance for a property purchase by a company (which I'll refer to as "V"). Mr M is a director and shareholder of V. Mr M asks for compensation for financial loss and his distress.

What happened

V exchanged contracts to buy a commercial property. Completion was set for mid-December 2022.

Mr M intended to raise funds with a bridging loan on his residential property. In October 2022 his solicitor found NatWest had a charge on his property. Mr M contacted NatWest. He says he had difficulty in getting a response from NatWest. In early November 2022 NatWest said the charge would be removed before mid-November 2022.

NatWest accepts it made an error which meant the charge wasn't removed until mid-January 2023. It also said it had failed to respond when Mr M contacted it. NatWest paid £500 compensation.

Mr M says this isn't enough. He says due to the delays the purchase of the commercial property cost an additional £50,000. He says the distress and the effect on his and his family's health warrants compensation of £10,000.

Our investigator said we can't require NatWest to pay compensation to a third party, or for the losses of a third party (such as V). She said while NatWest made an error, the £500 offered was fair.

Mr M didn't agree. He said V is owned by him and his family and was only established to buy the property. Mr M said NatWest had caused foreseeable loss due to its errors.

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.

Where the evidence is incomplete, inconclusive or contradictory, I reach my decision on the balance of probabilities – in other words, what I consider is most likely to have happened in light of the available evidence and the wider circumstances.

NatWest registered a charge on Mr M's property in 2008. Mr M says he signed the legal charge document for a loan that didn't go ahead. NatWest says this was an all monies charge which secured all amounts owed by Mr M to NatWest, such as an overdraft. It says this would usually stay in place until it's asked to remove it and all borrowing has been repaid.

There's little evidence now available as to what NatWest and Mr M agreed in early 2008. However, the legal charge that Mr M signed in 2008 says that it secured all obligations owed

to NatWest (including future obligations). NatWest has records of a loan application started in late 2007 and an overdraft in early 2008. These related to Mr M's businesses. This gives some support to what NatWest says. The overdraft was repaid in 2015, although the account remained active after this.

I don't think I can fairly find that NatWest made an error when it registered the charge and didn't remove it before 2022. And there's nothing to suggest that this caused Mr M any problems until late 2022 – he says he was unaware of it until then.

NatWest did make an error in late 2022, when it didn't remove the charge promptly when asked to do so. And it didn't respond when Mr M contacted it.

The charge was registered on the title to Mr M's property to secure obligations owed by Mr M to NatWest. As this complaint is about removal of the charge, Mr M is the complainant. I can consider whether it's fair to require NatWest to compensate Mr M for his own financial losses and for his distress and inconvenience. But I can't require NatWest to pay compensation to a third party or for a third party's losses.

It was V that entered into a legal agreement to buy the commercial property. And it was V that agreed to, and paid, a higher purchase price in return for the completion date being extended. It would have been V that incurred any additional legal or finance costs related to the purchase.

I understand that Mr M is a director and shareholder in V. But V is a limited company and as such is a separate legal entity, separate from its shareholders and officers. V isn't the complainant here, and so I can't require NatWest to pay compensation to V or for its financial losses. I do understand Mr M's frustration and disappointment about this.

Mr M says his family members are also shareholders in V and were distressed by NatWest's delays in removing the charge. I must be clear that Mr M's family members are not complainants here and so I can't require NatWest to pay compensation to them or for their losses, distress and inconvenience.

Mr M hasn't provided evidence that he suffered financial loss due to NatWest's delay in removing the charge in late 2022. But Mr M was caused inconvenience and upset and I can require NatWest to pay compensation for this. Mr M had to contact NatWest a number of times before the charge was removed. And he told us that this caused him distress and sleepless nights. I think, for the upset, trouble and inconvenience caused to Mr M, £500 compensation is fair and reasonable.

My final decision

My decision is that I do not uphold this complaint. That's because I find the compensation paid by National Westminster Bank plc was fair and reasonable in the circumstances.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 8 February 2024.

Ruth Stevenson
Ombudsman