

The complaint

Mrs G complains that National Westminster Bank Plc failed to refund a disputed transaction which caused her account to go overdrawn.

What happened

Mrs G noticed a payment she didn't recognise which was made to a merchant I'll refer to as F. She spoke to NatWest about this who couldn't see the transaction on their system. NatWest advised Mrs G to return once the payment had appeared on her statement and report it and in the meantime they cancelled Mrs G's card. The disputed transaction wasn't followed up with the fraud team.

Following this, several payments from her account were unsuccessful and were returned. She spoke with NatWest about them and explained that she was told that funds in her account were for her to use. She then went on to transfer them out of her account. The unsuccessful payments were then redebited and Mrs G's account went into an overdraft.

Mrs G called NatWest about the transactions she believed the bank had cancelled which caused her to go into the overdraft and to chase up the disputed transaction to F. She was told the matter would be dealt with and spoke to a fraud team member who went through the transactions and confirmed they'd "pulled them back".

Mrs G maintained that NatWest had put funds back into her account and told her that she could use it, but then took the money out for the earlier cancelled transactions which caused her to go into an overdraft. The call handler couldn't deal with the query because Mrs G needed to speak with a different team who didn't work in the evening despite being told by an earlier call handler that they could deal with her issue. Mrs G was told to call back the following day.

Mrs G made a complaint to NatWest, she believed that NatWest's actions had been the cause of her account going into an overdraft. They looked into the matter and wrote to Mrs G, stating that they couldn't identify the payment to F, but would refund any charges associated with it if Mrs G could provide further information and they identified it as fraudulent. Also, they weren't responsible for the cancellation of payments, but they did acknowledge they'd caused Mrs G some distress and anxiety and made a payment of £16.20 for the cost of calls Mrs G had made.

The following day NatWest reissued their final response to Mrs G and acknowledged they'd now identified the disputed transaction to F. NatWest disagreed that they were the cause of the overdraft, but they refunded the disputed transaction to F as a gesture of goodwill.

Mrs G was unhappy with how NatWest had handled her complaint and brought it to our service for an independent review. It was looked into by one of our investigators who thought NatWest actions were reasonable, and they weren't responsible for causing the overdraft. Mrs G's complaint wasn't upheld and she asked for a further review. The complaint has now been passed to me and I issued a provisional decision where I said:

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

NatWest have refunded the disputed transaction, so I don't need to address this point any further. What I will consider is the background to the disputed transaction and the following activity on Mrs G's account and her interactions with NatWest.

Mrs G has said that she contacted NatWest on numerous occasions. NatWest searched their systems and could only provide two calls and a brief chat transcript. It's apparent from listening to the calls that there were others that I haven't been able to consider.

The main thrust of Mrs G's complaint is that she reported a disputed transaction and was later told she had funds she could use in her account, believing that NatWest had put money into it. Because of this she spent the funds and then the earlier blocked transactions were forced through which took her account into its overdraft.

NatWest have explained that once Mrs G notified them about the disputed transaction, they cancelled her card to protect the account. It was following this that three payments were made to various merchants that were "held" because of the earlier block put onto Mrs G's card. This meant those funds weren't debited from the account at that point. The merchants requested the transactions be allowed to proceed and this was when the redebit took place. Because the "hold" on the payments was due to the cancellation of the card and not fraud, they were allowed through.

Mrs G contacted NatWest on 25 November and during the call, she was told the card would be cancelled. When I've examined the notes from NatWest, there's no mention of the card being cancelled or this phone call. The only reference is to a further call Mrs G made five days later when she's told that NatWest pulled the payments back. It's not clear when the card was cancelled as there are other successful payments leaving the account after Mrs G reported the disputed transaction. In NatWest's final response letter(s), they tell Mrs G that they can't cancel payments – but the impression they gave during the call was that NatWest were responsible for "pulling it back".

The cancellation of the card led to the "hold" on three payments. This was done to protect Mrs G's account and is something I'd expect NatWest to do. The situation became confusing by information given to Mrs G by NatWest. She was under the impression that funds in her account were hers to spend. I haven't been able to review this call, but I don't doubt what Mrs G believed she was told and she repeats this in a later call with NatWest.

So, I think the way that NatWest handled the situation could have been done better, but once Mrs G made the three payments to these merchants it was reasonable to expect that she would have to pay for the purchases at some point. I think the timing of the release of the payments and the information Mrs G had was the reason the account went into its overdraft. I know Mrs G thinks the disputed transaction was partly responsible for the overdraft, but the movement of funds into and out of her account don't support this.

NatWest made a gesture of goodwill for the refund of the disputed transaction and paid Mrs G for call costs. They recognised they'd caused Mrs G some "anxiety or distress" but didn't accept any further responsibility or offer any redress.

Overall, I think that NatWest presented Mrs G with a confusing picture and didn't follow up with her disputed transaction, despite her reporting it several times. They left her with the impression that she had more funds than she did, but I accept that those payments would have had to come out of the account at some point. It's not clear from the statements if there were any charges associated with the use of the overdraft, but if there were I don't think it's

fair for Mrs G to pay them. I think she experienced poor service and was given incorrect information about who could deal with her complaint. She had to repeatedly call NatWest to find out what was happening and Mrs G said this caused her to become ill. I intend to instruct NatWest to remove any charges or interest associated with the overdraft on the 30 November 2020 and pay Mrs G £75 for the poor service she experienced.

I invited Mrs G and NatWest to give me any more evidence and information they wanted me to consider before issuing my final decision. Both parties accepted my provisional decision, but Mrs G wanted to know why NatWest couldn't initially see the disputed transaction on their system.

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, and as both parties accepted my provisional decision, I see no reason to reach a different conclusion. So, this final decision confirms the findings set out in my provisional decision.

In answer to Mrs G's further query, as the disputed transaction was refunded by NatWest, I didn't need to consider it further to address her complaint. I can't give a reason why it wasn't initially spotted by them so I'm afraid it will likely remain unanswered.

Putting things right

NatWest should now pay Mrs G £75 to recognise the poor service she experienced. If there any charges or interest as a result of the account entering its overdraft on 30 November 2020 – these should be removed.

My final decision

My final decision is that I uphold this complaint against National Westminster Bank Plc. They're instructed to pay Mrs G £75 and remove any interest or charges as a result of entering the overdraft on 30 November 2020.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs G to accept or reject my decision before 18 March 2022.

David Perry
Ombudsman