

The complaint

Miss L complains that National Westminster Bank plc blocked her current account.

What happened

Miss L banked with NatWest, where she had a current account and a loan.

In October 2020, someone paid £2,000 into Miss L's loan account. A few days later, NatWest received a report that this payment may have been fraudulent. NatWest therefore froze Miss L's current account while it investigated things.

Miss L says she discovered this had happened after she was told by a retailer that a payment had been declined. She then accessed her internet banking, and saw her current account had disappeared. She contacted NatWest to find out what had happened.

NatWest initially told Miss L to contact them by email – and after she did so, NatWest later sent her a text message asking her to phone them. Miss L says she found it difficult to get in touch with NatWest, being kept on hold and being cut off multiple times. NatWest emailed Miss L to ask her some questions about the £2,000, and, the following Monday, restored access to the account. The investigation continued until 16 October, at which point NatWest said it would take no further action. Dissatisfied, Miss L complained to NatWest and then complained to us.

To put things right, NatWest initially awarded Miss L £60.80. This included £50 for the trouble and upset NatWest had caused, and £10.80 for the time Miss L had spent on the phone. More recently, NatWest has offered Miss L a further £100 in full and final settlement of the complaint. Our investigator looked at this. She didn't think NatWest had acted unfairly in restricting the account. But she agreed NatWest could have handled things better – and thought that the £100 NatWest had offered was fair.

Miss L doesn't agree. She says the only reason NatWest lifted the restrictions was because she kept chasing them. She feels that the actions of NatWest fall far below the standard she should reasonably have been able to expect. She says she was kept out of the funds when she had a family staying, and so the block caused real inconvenience. She says she was treated like a criminal and kept out of her funds because of an error caused by NatWest, not her – and that the bank gave her no way of resolving this when she feels that a quick phone call could have cleared the matter up straight away.

As the matter wasn't resolved informally, the complaint has been passed to me to decide. Having reviewed all the information, I contacted NatWest and Miss L. I said that based on what I've seen I wasn't satisfied it was fair to block Miss L's account. But I still thought that £100 was fair compensation in the circumstances of this case.

NatWest says it notes my comments, says it had followed its process at the time but has taken on board our feedback. Miss L says she has no further comments provided that the feedback on the process is passed on to NatWest. I've therefore reviewed the complaint afresh.

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.

Financial businesses, like NatWest, need to have procedures and processes in place to combat financial crime. This means that where NatWest receives a report that a transaction is potentially fraudulent, it will need to investigate this and may need to restrict accounts while this takes place.

In this case, a payment of £2,000 was made into a loan account in Miss L's name. A few days later, NatWest received a report from a third party bank that the transaction may have been fraudulent. In the circumstances, I can't say it was unreasonable for NatWest to have needed to investigate what had happened. I appreciate that this decision would cause Miss L inconvenience while the investigation took place. But to award compensation, I'd need to be able to say that NatWest was wrong to have done this. Given the information it had received, I can't say that NatWest was wrong to investigate Miss L's accounts.

I question whether it was necessary for NatWest to block Miss L's current account – the disputed funds were paid to a loan account, so in normal circumstances it would be difficult, if not impossible, for Miss L to get access to these funds. I've asked NatWest about that. They've said that although it was unusual it might in some circumstances be possible for funds to be returned to a current account from a loan account. Nevertheless, the examples NatWest gave seem very unlikely given Miss L's circumstances at the time. So while I acknowledge NatWest's concerns, I'm not satisfied its decision to block the current account was fair.

I've therefore gone on to consider the impact all this had on Miss L. Where I award compensation for distress and inconvenience, this isn't to punish the business but to reflect the impact everything had on Miss L.

I've first thought about what happened. Miss L discovered the block on 9 October, and contacted NatWest the same day. I note the difficulties Miss L says she had getting through to NatWest's fraud team. I see that as NatWest didn't complete the review on the same day, this meant that the block continued over the weekend of 10 and 11 October. I also see that access to Miss L's account was restored on 12 October. This meant Miss L didn't have access to her account for those days. NatWest then completed its review. It concluded no further actions were needed.

Based on what I've seen, NatWest appears to have carried out its review quickly – in Miss L's case NatWest was able to restore access to her account on the Monday, the next working day after she contacted it. So while I acknowledge the inconvenience of not having access to the account over the intervening weekend, I must also take into account that the interruption in Miss L's service was relatively short.

I also recognise that NatWest's service could have been better. In particular, Miss L found it difficult to get through to NatWest by phone, and NatWest failed to return calls. I can see that this added additional stress at what would already have been a difficult time. I'd also have expected NatWest to explain that Miss L could access her salary or any government benefits.

I acknowledge that Miss L feels that this was something that could have been resolved immediately if she'd been able to talk to NatWest over the phone. I also note that Miss L feels that NatWest only completed the review as quickly as it did because she chased them.

Thinking about all of this, I accept that Miss L experience some inconvenience because of NatWest's actions. But the impact seems to have been limited. With all this in mind, I think the offer of £100 is fair.

I've considered Miss L's further points. She's concerned that NatWest's actions had an impact on her credit file. We asked her for a copy of a credit report, but she hasn't sent us this – and NatWest says it hasn't recorded any adverse information with credit reference agencies. So this doesn't change my conclusion.

My final decision

For the reasons above I uphold Miss L's complaint. National Westminster Bank plc should pay Miss L £100 for the trouble and upset it caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss L to accept or reject my decision before 24 August 2022.

Rebecca Hardman
Ombudsman