

The complaint

Mr Z complains about National Westminster Bank Plc (NWB) and their decision to stop two online payments.

What happened

Mr Z holds a current account provided by NWB. On 29 September 2021, Mr Z attempted to make a payment of £2,849. Mr Z says this payment showed as pending online, as he was unable to access the funds. But on 2 October, the funds were returned to his account without an explanation as to why.

So, on 4 October, Mr Z attempted to make the payment again, as well as another payment of £1,000. Again, these payments showed as pending but failed to reach the recipient's account. Mr Z attempted to speak to NWB about this but had difficulty reaching the correct department. He managed to reach the relevant team on 7 October to discuss this, where he was made aware the payments had been stopped to due concerns about them. Mr Z confirmed the payments as genuine on this call and NWB removed the blocks, allowing the payments to complete. But Mr Z was unhappy about this, so he raised a complaint.

Mr Z was unhappy with that the payments had been blocked, despite him taking all necessary measures to ensure the payments went through. So, he didn't think the systems NWB put in place were reasonable and proportionate. Mr Z was also unhappy with the length of time it took NWB to release the payments and the difficulties he experienced when trying to speak to them regarding this issue. So, he wanted NWB to review the system's they had in place and alter these to ensure other customers didn't have to experience the difficulties he had.

NWB responded and didn't uphold the complaint. They explained the payments were stopped as their fraud system picked them up as suspicious. And they explained they had a duty to protect a customer's account from fraudulent activity so didn't think they'd acted unfairly. Because of this, they didn't need to do anything more. Mr Z remained unhappy with this response, so he referred his complaint to us.

While Mr Z's complaint was with our service, NWB offered to pay Mr Z £100 to recognise the difficulties he faced when trying to contact NWB to understand why the payments had been stopped. Mr Z rejected this offer, so our service continued with our investigation.

Our investigator looked into the complaint and upheld it. They recognised the inconvenience Mr Z would've been caused when the payments were stopped. But they didn't think NWB had acted unfairly, as they had a duty to protect a customer's account. And they explained our service were unable to comment upon, or ask NWB to change, their business process.

But they did think NWB failed to notify Mr Z of why the payments were stopped within a reasonable amount of time. And they thought Mr Z had encountered unreasonable difficulties when trying to contact NWB. They thought the £100 NWB offered fairly compensated Mr Z for the upset and inconvenience this caused and so, our investigator thought NWB should pay Mr Z this amount.

Mr Z didn't agree. He maintained his belief that NWB's processes should be reviewed and altered and he thought our service should have the powers to enforce this. Mr Z was also unhappy that the failed transactions weren't shown on his statement.

Our investigator responded to Mr Z's comments, explaining their view remained the same. And they reiterated the remit of our service and the fact we don't hold the power to comment on or change a business process. Mr Z remained unhappy, so the complaint has been passed to me for a decision.

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 upholding the complaint for broadly the same reasons as the investigator. I've focused my comments on what I think is relevant. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome.

First, I want to recognise the impact this complaint has had on Mr Z. I don't dispute Mr Z took all reasonable steps to authenticate the payments he made. So, when these payments failed to reach the recipient and instead returned to his account without any reason as to why, I can understand the confusion this would've caused. And I can also understand why this would lead Mr Z to believe the processes NWB have in place aren't fit for purpose and why he'd want these to be reviewed and ultimately, changed.

But I think it's important to explain exactly what our service is able to consider, and comment upon. Unfortunately, we are unable to comment upon, or direct a business to change, a business process. This can only be done by industry regulator, the Financial Conduct Authority as regulated business are entitled to set their own business processes.

But what I can think about is whether I think NWB acted fairly when deciding to stop the payments. And I think they have. This is because NWB had a duty to ensure Mr Z's account is protected from fraudulent activity. And while I'm unable to say exactly why the payments triggered NWB's security process due to commercial sensitivity, I'm satisfied NWB stopped the payments in good faith, acting in the best interests of Mr Z.

But I would expect NWB to make Mr Z reasonably aware the payments had been stopped. And then give Mr Z the opportunity to confirm the payments as genuine, so they could be processed. NWB themselves have accepted they didn't do this. And they've accepted Mr Z experienced unnecessary difficulty when trying to reach the correct team to authenticate the payments. So, I'm satisfied NWB acted unfairly here and because of this, I've then thought about what I think NWB should do to put things right.

Putting things right

When considering what NWB should do to put things right, any direction or award I make is intended to place Mr Z back in the position he would've been, had NWB acted fairly in the first instance.

In this situation, I think the first payment Mr Z made in September would've still been blocked. But, if NWB had acted fairly, I would've expected NWB to notify Mr Z of this and given him the opportunity to confirm the payment as genuine. And I think it's reasonable for me to assume Mr Z would've done so.

So, Mr Z wouldn't have needed to attempt the transaction again, which would've taken him time to process. Mr Z would also not have needed to chase NWB for clarification on why the payments hadn't gone through and experienced the frustration of failing to reach the correct team and have his questions answered. So, I think he should be compensated for this.

I'm aware NWB have offered Mr Z £100 to recognise the inconvenience and upset Mr Z suffered. And this offer falls in line with what I would've awarded, had it not already been made. So, I think this is a payment NWB should make.

I understand Mr Z may not agree with this. And I recognise Mr Z has stated he isn't looking for a monetary award and has instead asked that NWB review their processes. But as I've explained above, this isn't something I'm able to direct them to do. And I'm also aware Mr Z wanted our service to consider the fact the failed transactions weren't reported on his bank statements. But I haven't included this in any compensation award, as I wouldn't expect failed transactions to show on a bank statement. These statements are intended to show only the completed credits and debits on an account, giving an accurate reflection of the accounts current financial position.

My final decision

For the reasons outlined above, I uphold Mr Z's complaint about National Westminster Bank Plc and I direct them to take the following action:

- Pay Mr Z £100 to recognise the upset and inconvenience he's been caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr Z to accept or reject my decision before 26 May 2022.

Josh Haskey
Ombudsman