

The complaint

Mr P complains that The Royal Bank of Scotland Plc (RBS) made him feel like a criminal with how they treated him in relation to their security processes.

What happened

Mr P attempted to make a payment online to a friend of his for £5,000 as part of a car purchase. But when he tried to attempt the payment on the phone, he couldn't type in the full payee name so he used a computer to do this.

Mr P received a call from RBS's fraud department who wanted to make sure it was genuinely Mr P attempting to make the payment. The call handler asked Mr P to double check the details with his friend and then told him to ring back to confirm the payment details were correct.

Mr P did this and rang RBS back. Mr P says he answered the questions the call handler asked him about the attempted transfer, the purpose of the transfer and other security details, but the call handler then started asking him questions about his business customers and different accounts to the account he was attempting to transact on. Mr P says he was told by the call handler that he would fail their security process if he was unable to answer the questions she was asking, and the call handler asked him if he wanted her to reject the payment.

The call handler then told Mr P that the transaction would be on hold and this would prevent access to his online account. Mr P says she told him he would have to go into the branch with several documents and then she disconnected the phone call.

Mr P says he had to visit his local branch, although he lives far away from the branch and he identified himself with the branch. He says the branch rang through to the fraud department and passed him the phone to speak to them, but the fraud call handler asked him personal questions in the middle of a busy bank waiting area. Mr P says he didn't give this information to the call handler and the fraud call handler disconnected his call.

Mr P raised a complaint with the branch about how he'd been treated. He said when he returned home, he attempted to make a small payment via a mobile application and internet banking, but he was unable to, as his online access was still restricted. Mr P contacted RBS on the phone and was able to gain access to his account without restrictions after the call. Mr P says he spent approximately eight hours on this issue.

RBS partially upheld Mr P's complaint and credited £111.60 to his account (£80 for an apology, £10 for his travel to the branch and £21.60 for his telephone calls). They said that they were unable to uphold the part of his complaint about restricting his account if they believed his account was at risk and also for referring him to the branch. RBS said that they were upholding the part of his complaint about the rude service he received from the bank, the time he had to spend on the phone and the payment not being authorised after he had left the branch.

Mr P brought his complaint to our service. He said RBS should pay him £50 per hour he wasted and £5,000 for the way they treated him. Our investigator said that she felt RBS followed the correct process when dealing with his payment. She said that while the security questions may seem extreme, fraudsters are often changing their approaches and that meant so do banks when it comes to checking the payment is genuine. Our investigator felt the compensation RBS offered was reasonable.

As my findings differed in some respects from our investigator's, I issued a provisional decision to give both parties the opportunity to consider things further. This is set out below:

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

Mr P has made a number of points to this service and I've considered and read everything he's said and sent us. But, in line with this service's role as a quick and informal body I'll be focusing on the crux of his complaint in deciding what's fair and reasonable here.

I need to explain to Mr P that it's not the role of this service to say how a business should run their security processes, however, I've looked to see if RBS have followed their own security process. While RBS have said they have followed their security process, I've considered whether they've treated Mr P fairly when carrying out their security process, but I'm not persuaded they have. I'll explain why below.

I've listened to the telephone calls that Mr P had on the day in question. The first call is a call from RBS to him, as they are concerned the transaction may not be genuine. Mr P goes through numerous security questions with the call handler, including details of the proposed purchase he was trying to make. While it may seem a lot of questions, I'm satisfied the questions were relevant and necessary to ensure that Mr P was genuinely trying to make the transaction. Mr P was able to answer all of the questions and did not object to any of the questions asked. The call handler asked him to double check the payee details with the person he was trying to transfer the money to and was asked to call back RBS when he did this.

Mr P did this and I listened to the second phone call he had that day with RBS. This call lasted less than five minutes as Mr P had been put on hold but the line had disconnected. I can't say how this happened, but I'm not persuaded it had too much of an impact on the events that happened, as the call handler rang back Mr P while he thought he was on hold.

The next call I listened to was when the call handler rang him back from the previous call straight away. I'm satisfied that the conversation started off well, with Mr P joking about selling the car to the call handler and Mr P answered all of the questions he was asked, including a lot of detailed questions about the car he was planning on purchasing. Again, up to this point, I'm satisfied that the call went as it should have gone. While there were a lot of questions asked, I'm satisfied they were to ensure Mr P was fully aware of the purchase he was planning on making and the questions were all linked to this.

But shortly after the call handler came back from placing Mr P on hold, the call handler said she was going to ask him about questions on his account he tried to make the payment from. She then said "I'm just asking, erm, I see some, I won't ask you about this one sir actually, because the last payment that came into your account was in June, I'd rather just discuss a payment from July, so just give me a second, I do apologise, I'll just go to a different (inaudible) account".

She then goes on to say "I'm just looking at one of your business accounts". But it's not clear why the call handler goes from the personal account that Mr P was trying to make the

transaction from to a business account. While I can understand that the call handler may want to find a more recent transaction to ask Mr P questions about, I'm not persuaded that by doing this, that this treated Mr P fairly.

The call handler was discussing the source of funds for the payment Mr P was attempting to make. But as the source of funds were in a personal account, then I can understand why Mr P was bemused by the line of questioning. I would be satisfied if RBS were asking the questions about the source of funds in his personal account where the money was coming from, but a business is a separate entity to a person.

The transaction the call handler asked Mr P about was for a fraction of the transfer he was wanting to make, and the reference she read out to Mr P for the payment alluded to what the payment was for. So if the call handler did need to ask about the source of funds for the transfer, I would expect her to do what she initially appeared she was going to do and ask for the details of the payment he received in June, on the account he was wanting to transact on.

If Mr P would not have remembered the details of the income in June then the call handler could've moved onto other security questions, but she didn't give Mr P the opportunity to answer what she appeared she was going to ask him, so by just going to a different account it appears that there wasn't a set process for her to go from a personal account from where the payment was being made to, to a business account which would appear to have no or little relevance to the attempted transaction.

I asked RBS if they could explain why business account information was asked as opposed to the information about the personal account where the transaction was coming from. RBS confirmed to me that the call handler was attempting to pass him through security by asking questions, to be satisfied they were speaking to a genuine account holder and not a fraudster, hence why they would ask questions that they feel only the genuine customer to know the answers to, which may sound irrelevant to Mr P, but not to the agent who has to protect Mr P's accounts.

So although the call handler followed the process here, by focusing on one transaction in regards to a question about the source of his funds for a personal payment on a business account, which is a different entity than a personal account and RBS confirmed to me that Mr P holds the business account with another party (and therefore he might not be as aware of the transactions of the account, as another person may be able to act on the account without Mr P's knowledge, as opposed to a personal account in his own name), I'm persuaded this led to an unfair outcome for Mr P.

I say this as Mr P did not give a wrong answer to a question asked, he was bemused why the call handler was asking questions about a separate entity, when the call handler said she needed to find out the source of funds. The call handler said the reason for this when she was asked why she needed to know about this was in the terms and conditions. I've had a look at the terms and conditions of the account and while RBS can suspend, restrict or stop access to an account if they believe it's appropriate to protect someone's account, I'm not persuaded that the call handler answered Mr P's questions in line with the context they were asked.

I'm persuaded it would have been reasonable for the call handler to either explain to Mr P why she was asking the information about the source of funds/income on a business account, without just saying it's in the terms and conditions or to ask about the source of funds from the account it was coming from. I say this as the terms and conditions don't say that that RBS would ask about accounts which have a different legal definition (individual vs business). And, when the call handler asked about the source of funds, on the business

account, she would have been able to see that no transfers being made from the business account were being transferred to the account was being transacted from. So this would have no relevance to the source of funds he was using to buy the car and she had already verified she was talking to Mr P when he passed the initial security.

So I'm persuaded the call handler could have simply asked Mr P another question about his income on his personal account, when he didn't want to answer a business question, as she initially seemed she was going to ask. I'm persuaded that the rationale she gave to Mr P for this wasn't entirely accurate, based on the source of funds being part of a separate entity and the reason for this not being in the terms and conditions regarding the source of funds, despite her repeating this on a number of occasions. And if Mr P didn't have a business account, she would have asked him another question on a personal account anyway.

But that's not all I think inconvenienced Mr P. After this conversation Mr P and the call handler are discussing whether the payment would be released/rejected/held. The call handler says "so what I'm going to do, I'm going to keep the payment on hold sir, or I'm going to reject the payment as per your request, what would you like us to do".

So here Mr P had a choice of what could happen after the call handler had said she wouldn't release the payment. Mr P had previously asked the call handler to cancel the payment when he said "ok ok, don't release that payment, cancel the payment" when he was frustrated with the questions being asked about his business account. He later confirms that he didn't want the payment cancelled.

But the call handler chose to keep the payment on hold which then restricted his online access. I asked RBS if the payment had been rejected what impact would this have had on his account (eg none, he would still be able to use internet banking, wouldn't need to go to the branch etc) and RBS said that if Mr P was happy to reject the payment then they would have reinstated all access to his account. RBS also said that as Mr P had not answered the question asked by the call handler then there also could be inconvenience for Mr P rejecting the payment.

But here, the call handler had a choice of options. She could have rejected/cancelled the payment which would have no immediate impact on Mr P (it could have inconvenienced Mr P if he attempted to make the payment again) or keep the payment on hold which inconvenienced Mr P as his account access was restricted and he needed to make a visit to the branch, which didn't rectify his issue either.

So I'm not persuaded Mr P was treated fairly here as the fair option would have been to reject/cancel the payment and explain the consequences of this. I appreciate at the time the decision was made that Mr P and the call handler kept repeating their points and no progress was being made, so a choice had to be made, but I'm persuaded that the option which would inconvenience Mr P more was chosen over the option which would have no immediate impact on Mr P.

In addition, when Mr P was told he needed to visit the branch, he was told that he would need to bring in the bank statement of the person he was trying to transfer money to. But I'm not persuaded that this would be reasonable and I wouldn't expect a third party to simply hand over their financial details, showing their balances and transactions. So I'm not persuaded that this would be necessary to get a personal bank statement of a friend in order to make the payment.

I've listened to the call which Mr P had when he was in the branch. I'm satisfied that the call handler treated Mr P fairly. He acknowledged that he didn't have access to any notes from the previous call handler and hadn't spoken to her. He didn't ask any questions about Mr P's

business account. While I can understand Mr P's frustrations about what led up to this point, he doesn't give the call handler even basic information about the transaction and he says "I'm not willing to talk about personal details with someone I do not know, simple as that". So I can't say that this call handler did anything wrong by not allowing the transaction to go through here.

I've then listened to the call Mr P had when the restrictions were lifted. I'm satisfied Mr P was treated here fairly also. The call handler explained why he was unable to allow the transaction to go through and lifted the restriction on the account. While he said Mr P would need proof of payment, I'm persuaded the call handler said this as Mr P told him what a previous call handler told him and the call handler said he couldn't go against what Mr P had previously been told. The last call handler lifted the restrictions on Mr P's online banking and cancelled the payment.

I've considered what Mr P has said regarding the compensation he should be paid from RBS - £50 an hour for his time wasted and £5,000. It may help if I explain that compensation is a discretionary remedy that we sometimes award if we feel that a business has acted wrongfully and therefore caused distress and inconvenience to their customer over and above that which naturally flows from the event. When we recommend compensation, it is often modest and within our established guidelines.

Our service also doesn't generally award compensation based on someone's hourly rate. We wouldn't usually value one person's time as worth more than another person's time. Instead, we consider the overall impact an error had on someone.

Here the issue with making the payment was resolved within 6-8 hours of the same day. I understand that this had a big impact on Mr P though as he was inconvenienced by visiting the branch when there were alternatives to not doing so and being told information out of context.

So I've considered what would be a fair and reasonable amount of compensation. I've considered that RBS has covered the costs of his travel to the branch (£10) and the cost of his telephone calls (£21.60) and I'm satisfied that this is fair compensation for these costs. I've also considered whether £80 is fair as an apology. But I'm not persuaded that it is. While the impact of the events lasted between 6-8 hours, I'm satisfied that the third call Mr P had with RBS (with the same person as the second call when it was disconnected) had a larger impact on him and led to a chain of events which could have been avoidable.

I'm persuaded that an extra £120, (£200 in total for an apology) would be more reasonable for RBS to pay Mr P. I believe this is reasonable based on the experience he had on the call. While technically speaking, the call handler may have followed RBS's security process, the inconvenience she caused Mr P by not answering his questions in the context they were asked and keeping the payment on hold would have caused Mr P inconvenience. I'm satisfied that the call could've been handled better and there were many other ways Mr P could have passed the security procedure, so I'm persuaded that she caused Mr P inconvenience by restricting his account – even though she had the option of rejecting the payment, which she had offered to Mr P.

If this option would have been acted upon then it would have saved Mr P travelling to the branch and back, which I understand is a long way away from his place of residence and it would have saved him a lot of time in the branch, the time on the phone to the next fraud call handler and the call where the last call handler lifted the restrictions on Mr P's account, so I'm persuaded this could have been resolved 4-5 hours earlier if this action had been taken. So it follows I'll be asking RBS to put things right for Mr P."

I invited both parties to let me have any further submissions before I reached a final decision. RBS responded and they said they had no further information to add. Mr P responded and he gave his understanding of the provisional decision. While he did not provide me with any further information for me to consider, he asked if I could make RBS aware of his comments.

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.

As neither party have provided me with any further information to consider, then my final decision and reasoning remains the same as in my provisional decision. In regard to Mr P asking me to make RBS aware of his comments, I will ask our investigator to forward the comments to RBS. I must make Mr P aware though, that they are not obliged to respond to his comments.

Putting things right

In my provisional decision I said I intend to ask RBS to pay Mr P an extra £120 compensation for inconvenience. I'm still satisfied this is a fair outcome for the reasons given previously.

My final decision

I uphold the complaint in part. The Royal Bank of Scotland Plc should pay Mr P an extra £120 compensation for inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 21 June 2022.

Gregory Sloanes
Ombudsman