

The complaint

Mr and Mrs H complain that National Westminster Bank Plc have told them incorrect information about why they received communications from them after they had made payments to existing payees.

What happened

Mr and Mrs H made an online payment to an existing payee on their account in December 2021. They said the following day, they received a text message and an application (app) notification to state that the payee details had been changed, and if they didn't authorise the payment then they should contact NatWest immediately.

Mrs H rang NatWest. She said the call handler told her she had amended something, but the call handler later agreed she hadn't amended anything. They said the call handler told them this was an error and they shouldn't have been sent the text/notification.

Mr and Mrs H said that three months after this, they made an online payment to a different existing payee on their account. Again, they received an urgent notification that the payee details had changed and if it wasn't them, they needed to contact NatWest urgently. But they said they did not change the payee details.

Mr and Mrs H emailed NatWest's Chief Executive Officer (CEO) on 2 April 2022, explaining that this happened again. They later received a phone call from NatWest who told them they received incorrect information in December when they complained and that it was not an error then and that the notification was correct as it changed from a low value to a high value. Mr and Mrs H have said that the payment they had made was always £15. They say the call handler told them that they had turned on biometrics in the app in September and that was why they received the notifications, but Mr and Mrs H say they had paid the payee twice since they turned on the biometrics, without receiving the notification. They say the notifications are stressful and misleading. Mr and Mrs H made a complaint to NatWest.

NatWest said they had incorrectly advised that there was an error with the app after Mr and Mrs H had received a notification about a payee. They said it appeared that the information regarding the process was not readily available at that time as payments for biometrics had been recently introduced. NatWest said in respect to the April payment Mr and Mrs H made, previous payments to the payee were low value payments that were set up via the app. They said Mr and Mrs H requested to use NatWest's biometrics feature so that this payee could be upgraded to a high level payee, which would allow them to make higher payment amounts to this payee in the future, over and above the previous limit of £1,000 which was in place prior to them registering for biometrics.

NatWest said that due to this background change to the payee details a notification was sent to Mr and Mrs H, even though the payee information had not been changed, the payee details in terms of the type of payee had been changed and that's why a notification was issued to Mr and Mrs H. They said Mr and Mrs H had registered for biometrics on or around 18 September 2021 and made two payments to the payee in question on 7 October and 21 October 2021. But these payments were made as low value payments as the biometrics for

approval of payments had not been implemented and enabled in the mobile app at the time they made the payments. This is why Mr and Mrs H did not receive any notifications following these two payments.

NatWest said if a payee had been set up as a low value payee using the app and a future payment within the app is made for the first time with the payee, then customers would be prompted to approve this request using biometrics if registered, and this in turn would issue a notification. They noted that biometrics had now been removed from the app.

Mr and Mrs H brought their complaint to our service. Our investigator upheld the complaint. She said that she could see how the wording of the text/notifications would've made Mr and Mrs H worry and especially as they had already gone through this in December to be told the had been an error. Then when Mr and Mrs H spoke to NatWest recently they were told it was because the payment had been changed from a low to high value transaction.

Our investigator said that NatWest will issue text messages when a payment is verified by a new method. So if a customer has registered for biometrics then any new payment they make – including those under £1,000 will be subject to a biometric security check, which includes payments to existing payees that have only previously been sent for payments less than £1,000. Therefore, when a customer pays an existing payee for the first time using biometrics, they are updated from a low value payment to a fully verified payee and subject to the maximum £20,000 payment limit. So, whilst no personal payee details may have been changed, the status and upper payment limit has. And their system can't identify what's specifically changed so they send a notification. Our investigator said £75 compensation was fair for the incorrect information NatWest gave Mr and Mrs H.

Mr and Mrs H asked for an Ombudsman to review their complaint as they were not happy with the compensation recommended.

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.

I'd like to emphasise that this service is not the regulator. Nor do we act as the enforcer for the regulator. The regulator is the Financial Conduct Authority. Our service acts as an informal dispute resolution service for complaints about financial businesses. So I must be clear to Mr and Mrs H from the outset that I'm unable to tell NatWest how they should operate their security processes, including when they send a text or notification, and the content of these communications, as these are commercial decisions that are up to NatWest with how they implement these.

It's clear to me that NatWest have let Mr and Mrs H down with how they've explained the reason for them receiving a text/notification. I'm persuaded that this led to further distress and led Mr and Mrs H to believe that NatWest were not telling them the truth as the reasoning had changed.

I say this as when Mrs H rang NatWest, she was originally told she had amended the payee, then she was told there was an error with the app. But neither of these explanations were accurate. Then she was told that it was because the payment had gone from a low value payment to a high value payment, but Mr and Mrs H have said they always paid £15 to the particular payee. They were also told the notification was a result of them opting in to use biometrics, but as Mr and Mrs H had highlighted, they had paid the payee twice since they had opted into using biometrics.

I'm persuaded that if Mr and Mrs H were told originally that the reason that they received a text/notification, was that the biometrics had not been fully implemented and enabled in the app at the time they had previously made the payments and now it was, then this may have reassured Mr and Mrs H that there was nothing to worry about.

NatWest could have explained the reason for this change and explained that while Mr and Mrs H had not changed any of the payee details, the way they pay an existing payee using biometrics once it was fully active (including those which they had previously paid less than £1,000 to) had changed, and this is what triggered the notification. They could have been told to expect this for any future existing payees that they would pay for the first time using this method - after the biometrics had been fully implemented (which was scheduled for 26 October 2021). Therefore Mr and Mrs H would've known what to expect months later when they paid £15 to an existing payee.

So I've considered what would be a fair outcome for this complaint. I know Mr and Mrs H are not happy with the £75 compensation our investigator suggested. But it may help if I explain to Mr and Mrs H 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.

So I'm persuaded that £75 compensation is fair here. I'm satisfied it recognises the impact of Mr and Mrs H being told either incorrect information or not being given a full explanation of why they received the text messages/notifications. While NatWest have said this was initially because their call handlers didn't have this information at the time, it would be their responsibility to provide this to them, so I'm not persuaded this would mitigate what Mrs H was told when she spoke to NatWest on the phone. This inconvenienced Mrs H by needing to contact NatWest for a second time months after the first time this happened and caused Mr and Mrs H distress. So it follows I'll be asking NatWest to put things right for Mr and Mrs H.

Putting things right

Our investigator has suggested that NatWest pay Mr and Mrs H £75 which I think is fair in the circumstances. I'm persuaded this reflects the impact on Mr and Mrs H for NatWest giving them either incorrect information or them not being given a full explanation of why they received the text messages/notifications.

My final decision

I uphold this complaint. National Westminster Bank Plc should pay Mr and Mrs H £75 for inconvenience and distress.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H and Mrs H to accept or reject my decision before 1 November 2022.

Gregory Sloanes
Ombudsman