

## **The complaint**

Mr S is unhappy that National Westminster Bank Plc (NatWest) restricted his account while completing a fraud investigation, then removed funds from his account as a result of the investigation.

Mr S's complaint has been brought by a representative. As the account is held in Mr S's name, I'll refer to Mr S throughout the decision.

## **What happened**

Mr S holds an account with NatWest. In July 2021, NatWest received a fraud claim from someone who paid funds into Mr S's account – I'll refer to that individual as G. While investigating the fraud claim, NatWest placed a restriction on Mr S's account so no funds could be removed. At the conclusion of their fraud investigation on 1 July 2021, they removed the restriction and debited Mr S's account and sent £1,200 to the bank that submitted the fraud claim.

Mr S raised a complaint with NatWest as he was unhappy they had restricted his account and saying they shouldn't have removed the £1,200 from his account. NatWest looked into Mr S's complaint and upheld it in part. They said the restriction was applied fairly while they completed their fraud investigation, however they accepted that the dispute between Mr S and the sender of the funds was a civil dispute – as such – they shouldn't have removed the £1,200 from Mr S's account. NatWest told Mr S they had contacted the other bank and requested the return of the funds. NatWest apologised to Mr S and paid him £350 compensation for incorrectly removing the funds.

Mr S wasn't happy with NatWest's response, so he brought a complaint to our service.

While the complaint was with our service, the funds were returned from the other bank and paid into Mr S's account in August 2022.

An investigator looked into Mr S's complaint and didn't uphold it. They agreed that NatWest had incorrectly removed the funds from Mr S's account, however they felt the £350 was fair compensation for the impact this had on Mr S. The investigator felt it was reasonable for NatWest to place a restriction on Mr S's account based on them receiving a fraud claim, and for it to remain while they investigated that claim.

Mr S disagreed with the investigator's opinion saying £350 doesn't adequately address: the impact of him not having use of these funds, the impact of these funds being removed from his account, the restriction being placed on his account and the overall time this matter has taken to resolve. Mr S raised a point about a holiday having to be cancelled due to him not having access to these funds.

As Mr S disagreed with the investigator's opinion, the case was passed to me to review.

Having reviewed the case, I contacted NatWest about their refund of £1,200 as there wasn't any mention of interest being calculated and paid for the time Mr S was without the money.

NatWest agreed to pay simple interest at 8% calculated from the date the funds were removed from Mr S's account to the date they were returned.

### **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.

#### *Should NatWest have removed the money from Mr S's account?*

From what I've seen NatWest contacted Mr S on receiving the fraud claim to get his side of the story and to find out why the payment was originally made into his account. While NatWest carried out its fraud investigation it placed a block on Mr S's account to prevent the funds being removed, in case they upheld the fraud claim. Based on a fraud claim being received, I'm satisfied that NatWest acted reasonably in placing a restriction on Mr S's account while they carried out an investigation.

However, I'm not satisfied that NatWest should've taken the money out of Mr S's account and returned it to the other bank. I say this based on the information Mr S gave them about the payment into his account. It's clear that G (who paid the money into S's account) was a family friend and there was a personal situation which had resulted in G later raising a fraud claim. I'm not satisfied that the evidence NatWest had, including Mr S's testimony, suggested that Mr S didn't have a legitimate claim to the funds – so they shouldn't have been removed from his account.

NatWest have refunded Mr S and paid the money back into his account. They have also offered to pay interest on that refund at 8% simple interest, calculated from the date the funds left Mr S's account until the date they were returned to him. This is in line with what I would've recommended.

#### *The impact NatWest's actions have had on Mr S*

NatWest have already offered to pay Mr S £350 compensation for the distress he was caused due to the funds being removed from his account incorrectly. Having considered everything very carefully, this offer is more than I would've recommended in the circumstances and I'll explain why.

Mr S says that he suffered significant and ongoing emotional distress due to what happened. He has also referred to a family holiday that was unable to proceed due to the events.

In considering what is fair compensation for Mr S, I can only take into account the results of NatWest's actions. I can't award based on the overall emotional distress caused by G raising a fraud claim, or by G's bank in issuing a fraud claim to NatWest. Also, as I think NatWest acted reasonably in placing the restriction on Mr S's account while they completed their investigation, I can't award compensation in relation to this action.

From what I've seen, Mr S's account had a balance of over £6,000 in it after the £1,200 had been returned to G's bank. This balance had been maintained at this level for a significant period of time prior to the fraud claim. Because of this, I'm not satisfied that not having access to the £1,200, significantly impacted Mr S. And having considered the length of time it took NatWest to return the £1,200 to Mr S, and the impact of them removing the money incorrectly in the first place, I'm satisfied that the £350 already offered by NatWest is more than I would've recommended in the circumstances.

I appreciate that Mr S is going to be very disappointed as this has been a particularly difficult situation for him and his family based on G's actions. However, I'm not going to ask NatWest to pay anything more than the £350 they've already offered in compensation. But NatWest should calculate and pay 8% simple interest on the £1,200 from the date the funds left Mr S's account until the date they were returned.

### **Putting things right**

To put things right National Westminster Bank Plc should:

- Pay interest at 8% simple on the £1,200 refund, calculated from the date the funds left Mr S's account until the date of their return.
- Pay Mr S £350 compensation, if it hasn't already done so.

### **My final decision**

My final decision is that I uphold this complaint against National Westminster Bank Plc and require it to compensate Mr S as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 12 December 2022.

Lisa Lowe  
**Ombudsman**