

The complaint

Ms K is unhappy that National Westminster Bank Plc (NatWest) took funds out of her account as the result of a fraud claim.

What happened

Ms K says that between October and December 2020 she loaned money to her partner – who I'll refer to as G. In March 2021, G made two payments to Ms K's account for £5,000 and £1,740, followed by another payment in April 2021 for £120.

In June 2021, NatWest received a fraud claim from G's bank in relation to these payments. NatWest carried out an investigation which included them talking to Ms K about the reason for the payments into her account. Ms K told NatWest about the loans she made to G and provided background of her relationship to G including issues they'd had of a personal nature which she believed were the reason the fraud claim was raised. NatWest ultimately decided to return the funds to G's bank, although the balance of Ms K's account only allowed them to send £3,956.57 out of the £6,860 paid in.

Ms K raised a complaint with NatWest, saying the fraud claim wasn't genuine and asking them to return the money to her account. NatWest considered Ms K's complaint but declined to return the funds, saying Ms K should consult a solicitor as it appeared to be a civil dispute between her and G.

Ms K wasn't happy with NatWest's response, so she brought a complaint to our service.

An investigator looked into Ms K's complaint and upheld it. They felt the information NatWest were given by Ms K suggested there was a civil dispute between Ms K and G, so they shouldn't have taken the money out of her account. The investigator recommended that NatWest return the £3,956.57 to Ms K and pay interest at 8% simple for the time she was without the money. They also recommended NatWest pay £200 in compensation for the distress caused.

NatWest accepted the investigator's recommendation. However, Ms K didn't agree saying the compensation wasn't enough. Ms K highlighted that a family holiday they were due to take couldn't go ahead due to the money being taken from her account. Ms K suggested that £5,000 was a more appropriate compensation award.

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

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 taken the money out of Ms K's account?

From what I've seen NatWest took appropriate steps on receiving the fraud claim from G's bank, by investigating the allegation. They talked to Ms K to find out her side of the story with regards to the payments from G. However, based on what Ms K told them, I'm not satisfied that NatWest acted fairly in removing the money from Ms K's account and returning it to G's bank.

I say this because Ms K provided a very clear and detailed explanation about her relationship with G and the purpose of the payments from G. Ms K also provided information about why she believed G had raised the fraud claim and why it wasn't genuine. What Ms K told NatWest clearly indicated that there appeared to be a civil dispute between Ms K and G regarding the funds and I'm not satisfied that the evidence was sufficient for NatWest to reach the conclusion that Ms K wasn't entitled to the funds.

NatWest have agreed to refund Ms K the £3,956.57 and pay 8% simple interest on that refund from the date the funds left Ms K's account until the date they were returned to her. This is what I would've recommended in the circumstances. But I also have to consider the impact on Ms K of NatWest's actions and what is appropriate compensation in the circumstances.

The impact NatWest's actions have had on Ms K

Ms K has told us that this whole situation has been extremely distressing for her and her family. And, due to NatWest removing the funds from her account, her family weren't able to take a planned holiday. Ms K wants £5,000 compensation in light of the distress she's experienced.

Ms K says the holiday plans had been made but hasn't provided evidence of any deposits she'd paid and lost or any consequential losses that she had as a result of not proceeding with the holiday. And, while I appreciate that Ms K has been through a particularly trying situation, this has mainly been due to the actions of G. Both in him raising the fraud claim in the first place and how this has affected their relationship. It's also hard to differentiate what impact the relationship breakdown had on the planned holiday Ms K was going to take.

In deciding what is appropriate compensation, I can't hold NatWest liable for the distress caused by G, or by G's bank in proceeding with his fraud claim. I also can't fine or punish NatWest for removing the money from Ms K's account.

I realise that Ms K is going to be very disappointed, but in the circumstances, I think the £200 compensation recommended by the investigator is fair.

Putting things right

To put things right National Westminster Bank Plc should:

- Refund Ms K the 3,956.57 (if they haven't already);
- Pay interest on that refund at 8% simple interest, from the date the funds were removed from Ms K's account until the date of settlement;
- Pay Ms K £200 compensation for the distress and inconvenience.

My final decision

My final decision is that I uphold this complaint against National Westminster Bank Plc and direct them to compensate Ms K as set out above.

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

Lisa Lowe
Ombudsman