

The complaint

Mr I complains that National Westminster Bank Plc closed his account and returned his funds to source. He'd like the funds returned and compensation for the impact.

What happened

Mr I had an account with NatWest.

In January 2022 NatWest received five fraud reports from third party banks regarding transactions totalling just over £3,000 into Mr I's account. On receipt of the first report, on 18 January 2022, NatWest restricted Mr I's account access.

On 21 January 2022 NatWest contacted Mr I to ask him what a payment for £550 was for on 14 January 2022. They later made Mr I aware of two further fraud reports received, and asked him for details about the payments and any proof of entitlement Mr I had. Mr I explained he was carrying out private sales, hadn't asked for any identification and if he'd been aware that fraud reports would be raised he wouldn't have proceeded. He informed NatWest he couldn't provide any evidence to support the sales.

On 4 February 2022 NatWest decided to close Mr I's account with immediate effect. Prior to releasing any of the funds NatWest asked Mr I to complete a funds released form, which he provided on 18 February 2022.

Mr I complained to NatWest about their decision to close his account and their failure to release his funds. NatWest looked in Mr I's complaint, but generally thought they'd acted fairly. In summary, NatWest thought their actions were fair in restricting and closing Mr I's account and withholding the funds. They advised Mr I that they'd provide him with an update in 60 days regarding the status of his funds.

Mr I brought his complaint to our service. He asked for his funds to be returned, plus interest and compensation.

One of our investigators looked into Mr I's complaint, they asked NatWest for more details regarding their actions. NatWest confirmed that the majority of the funds in Mr I's account, minus the funds they'd received fraud reports for, were returned to Mr I on 22 July 2022.

Our investigator asked Mr I for details of the transactions, including what they were for and any evidence he could provide.

Mr I explained that he was selling cryptocurrency, but he wasn't able to provide any evidence of the sales including invoices or identification from the buyers because they were private sales.

Our investigator thought that NatWest acted fairly in returning the funds to source, closing and restricting Mr I's account. But thought they should have returned his funds sooner – namely on 18 February 2022 when NatWest received his funds release form. Our investigator recommended that NatWest pay Mr I £100 compensation and 8% interest on the

funds returned to him from 18 February 2022 to 22 July 2022.

NatWest accepted our investigator's view but Mr I didn't. In summary he said:

- What Terms and conditions did they rely on?
- Is it being suggested he was lying?
- He parted with an asset, and has currently lost both the asset and the payment

As Mr I didn't agree it's been referred to me to decide.

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.

Account closure:

I've firstly considered NatWest's actions in closing Mr I's account

At times, following a review, banks sometimes choose to end their relationship with customers. This can be due to a number of reasons and a bank isn't obliged to give a reason to the customer. Just the same as if Mr I decided to stop banking with NatWest, he wouldn't have to explain why.

NatWest can only close accounts in certain circumstances and if it's in the terms and conditions of the account. NatWest have relied on the terms and conditions when closing Mr I's account. The terms explain that in certain circumstances NatWest can close an account without notice, which they did in Mr I's case. I appreciate that Mr I will be disappointed by my conclusions, however I've considered the full circumstances of this complaint and I agree NatWest were entitled to close his account without notice.

Funds returned to source:

I've moved on to consider NatWest's decision to withhold Mr I's funds from 18 January 2022 to 22 July 2022 and then return some of the funds to source. On 22 July 2022 part of Mr I's funds were released to him, with the remainder being returned to source.

The terms and conditions of Mr I's account state that NatWest will return funds to source in certain circumstances, and if contacted by the sending bank to advise them a payment has been made to them incorrectly. Condition 8.3 states *What we'll do if the payer's bank tells us about an incorrect payment*. The term states that NatWest will contact their customer to ask if the payment was sent to them incorrectly or not – which they did. And if the customer disputes that the payment was made incorrectly, which Mr I did, they'd return the money to their customer's account. In Mr I's case despite Mr I claiming the transactions were genuine NatWest still returned the money to source. But, terms and conditions aren't the only factor I need to consider here, I'll also need to take into account relevant legislation and good industry practice – in summary what's expected from NatWest when they receive contact from a sending bank reporting fraud.

Good industry practice dictates that when the receiving bank is put on notice that their customer may have perpetrated an Authorised Push Payment scam, it should investigate whether their customer is involved and has received the funds fraudulently. If their customer can show otherwise and disputes the claim, the receiving bank is under no obligation to return the funds to the sending bank. It follows, I need to consider whether NatWest carried out an investigation and whether Mr I was given the chance to dispute the claims. I'm

satisfied NatWest did investigate, and Mr I was given the opportunity to put forward an explanation regarding the disputed funds. Mr I did provide an explanation to NatWest but he was unable to provide any evidence to support this.

Our investigator also reached out to Mr I to ask him to provide an explanation and evidence for why he received the funds into his account. Mr I explained that due to an increase in the popularity of cryptocurrency he started selling it – and the transactions were for private sales he'd made. However, he was unable to provide any supporting evidence for this – including cryptocurrency balances, evidence of the sales or conversations with the buyers. I'm afraid this means I'm unable to conclude that Mr I was in fact carrying out genuine cryptocurrency sales as he claims and wasn't complicit in any fraud which may have taken place. I appreciate this is disappointing to Mr I, but I'm satisfied he's been provided with more than one opportunity to provide evidence to support his testimony, and without this I can't fairly conclude he made genuine cryptocurrency sales and lost out when the alleged fraudulent funds were returned to source. This means I won't be directing NatWest to reimburse Mr I the disputed funds.

Our investigator did conclude that NatWest should have returned Mr I's legitimate funds *much* sooner than they did – on the day he sent back the funds release form. NatWest haven't provided any explanation for why the funds weren't released to Mr I sooner, so I see no reason to change this conclusion. And I think NatWest should pay Mr I 8% interest from 18 February 2022 to 22 July 2022. The restriction of these funds caused Mr I inconvenience and distress, and I think £100 is fair compensation for the impact caused to him.

Putting things right

I think NatWest should pay Mr I £100 compensation and 8% interest between 18 February 2022 to 22 July 2022 on £6,549.55.

My final decision

My final decision is I direct National Westminster Bank Plc to:

- Pay Mr I £100 compensation for the inconvenience caused to him
- Pay Mr I 8% simple interest on £6,549.55 from 18 February 2022 to 22 July 2022

HM Revenue & Customs require National Westminster Bank Plc to withhold income tax from the abovementioned interest. National Westminster Bank Plc should give Mr I a certificate showing how much is taken off if he asks for one.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr I to accept or reject my decision before 28 October 2023.

Jeff Burch
Ombudsman