

The complaint

Mr S complains that The Royal Bank of Scotland Plc (RBS) declined payments he tried to make to his credit card provider.

What happened

The background to this complaint and my initial conclusions were set out in my provisional decision. I said:

Mr S has a credit card with a business I'll call A. Mr S has told us he makes a payment towards his credit card each month from his RBS bank account. On 5 July 2022 Mr S tried to make a payment, as normal. Mr S says he used his debit card and RBS' card reader, along with his PIN, to initiate the payment on A's website. RBS then sent Mr S a One Time Passcode (OTP) which he input into A's system. Mr S told us that A's website advised the payment had been successfully made. But when Mr S checked his bank account he found the payment hadn't been debited.

Later the same day, Mr S attempted the transaction again but has told us the same issues occurred after it looked like the payment had been successfully processed.

Mr S contacted RBS and was able to successfully make the payment up on 6 July 2022. Mr S complained and RBS said the payment had been held due to "bank policy" but declined to explain further.

Mr S complained about the way RBS had handled his payments and explained he was at risk of incurring fees and charges as a result of the payments being declined on 5 July 2022. RBS sent Mr S a final response but didn't uphold his complaint. RBS reiterated the payments had been correctly declined due to "bank policy" but didn't give a specific explanation. RBS didn't uphold Mr S' complaint.

An investigator at this service looked at Mr S' complaint and upheld it. They asked RBS to cover the costs of any interest or charges Mr S had incurred from A. RBS didn't agree and said it had correctly declined the payments Mr S tried to make on 5 July 2022. As RBS didn't accept, Mr S' case has been passed to me to make a decision.

What I've provisionally 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 understand why Mr S is upset at the way his payments were handled by RBS. Mr S has explained he has always paid his credit card in this way. Mr S has also pointed out his account balance was more than sufficient to make the required payment and that he can see no reason why RBS would authorise all the previous payments he made but decline the ones attempted on 5 July 2022.

I've looked at RBS' account terms and conditions. The terms make provisions setting out when a business can delay or refuse to act on an instruction, like a debit card payment. The terms say RBS will always follow an instruction unless one of a number of situations occurs. The terms also say customers can contact the bank for an explanation as to why a payment was declined. RBS says it won't disclose the reason if there's a legal or security concern that prevents it from doing so. I'm not going to quote the full terms here – they're available on RBS' website. But there's nothing in the terms that says RBS can decline a payment on the basis of "bank policy" alone.

I understand RBS may have had genuine reasons to decline to make Mr S' payments. And it's possible these reasons fell within the legal or security provisions noted in its terms. But I don't think the explanation it provided to Mr S was sufficiently clear – or in line with its terms. If RBS intended to rely on the section of its terms that said there was a legal or security issue that meant it couldn't disclose the reason it declined Mr S' payments, I think it should've said that. And I think RBS ought to have referred Mr S to the relevant sections instead of citing "bank policy" without any further explanation. As I've said above, the terms don't say RBS can decline a payment solely on the basis of "bank policy". In my view the way RBS responded to Mr S' enquiries caused an unreasonable level of confusion which wasn't fair.

Our investigator asked RBS to cover any charges or interest Mr S may've incurred with A as a result of the payments being declined. But Mr S subsequently told us he was able to arrange for them to be waived by A after explaining what had happened. Mr S has pointed out this caused inconvenience and meant he had to convince A to waive the costs on the basis of the relationship he'd built up over many years. I accept that's likely to be the case. As Mr S hasn't suffered a financial loss, I'm not telling RBS to cover any charges or interest. But I do think a modest payment to reflect the level of distress and inconvenience caused to Mr S when trying to resolve the issues raised and get a clearer understanding of why RBS declined his payments is a fair way to resolve his complaint. Based on the information I've seen, I intend to tell RBS to pay Mr S £100 in recognition of the trouble and upset caused.

I invited both parties to respond with any additional comments or information they wanted me to consider before I made my final decision. Mr S responded and said if RBS was concerned about the security of his account it should've contacted him to let him know the payment was blocked. Mr S also said he'd tried to resolve the problem directly with RBS but found the service provided was poor and that he wasn't contacted as promised. RBS responded and confirmed it had nothing further to add to previous submissions.

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.

In response to the provisional decision Mr S gave us some further background concerning his experience with RBS and how the issues raised have impacted him. RBS has confirmed it has nothing further to add.

I've considered both responses and I remain of the view that Mr S' complaint should be upheld, for the same reasons. As a result, I'm going to proceed in line with the conclusions I reached in my provisional decision and uphold Mr S' complaint.

My final decision

My decision is that I uphold Mr S' complaint and direct The Royal Bank of Scotland Plc to pay him £100.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 24 May 2023.

Marco Manente
Ombudsman