

The complaint

Mr H complains that National Westminster Bank Plc blocked his account when he was wrongly accused of fraud.

What happened

Mr H is a taxi driver. He has explained that, in May 2022, he picked up a drunk passenger who was then sick in his taxi. He charged the passenger a cleaning fee, which he paid by card to his business account with another bank. But the passenger then could not find his card to pay the fare. Mr H therefore provided the passenger with his personal bank details, so he could make a mobile payment. He says that the passenger paid a generous tip on top of the fare, to thank Mr H.

Shortly afterwards, Mr H's account received two further payments, for 10p and 1p, from the same account. They were accompanied by messages suggesting that Mr H was guilty of fraud and threatening to involve the police. The account holder contacted his own bank to challenge all three payments.

When the bank which had sent the payments contacted NatWest, it blocked Mr H's account while the transactions were investigated. The restrictions on Mr H's account were lifted in early June 2022, some four weeks after they had been applied.

Mr H complained that he had been treated unfairly. The accusations made against him had caused him a great deal of stress and anxiety, to the extent that he had had to miss the Platinum Jubilee in London – his wife having been successful in the draw for tickets for the party. He was upset too that bank staff had warned him against using his personal account for business payments.

The bank paid Mr H £75 to compensate him for missing the Jubilee party. Otherwise, however, it said that it had acted within the account's terms and conditions and had treated Mr H fairly.

Mr H didn't agree and referred the matter to this service. Our investigator thought that, whilst the bank was right to restrict the account in the way it did, the restrictions should have been lifted sooner than they had been. She recommended that NatWest pay Mr H an additional £100 in recognition of that, along with interest on the account balance. Once it had clarified what the investigator intended, the bank agreed to her recommendation of a payment of £100.

Mr H did not however think that the investigator's recommendation went far enough. He sought a six-figure sum in compensation, and asked that an ombudsman review the case.

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.

First of all, I should say that I accept Mr H's account of events. I believe that he did provide the passenger with his account details when the passenger could not find his card and that he did so because he knew his personal account details but not his business account details. That meant that the passenger could pay for the taxi he had used. I have no reason to think that Mr H acted fraudulently or took a payment that the passenger had not authorised.

I do not have access to the sending bank's exchanges with its own customer, but it would appear that it accepted too that all three payments had been properly authorised. It may be that the passenger challenged the first payment because he didn't remember making it or because he thought it was excessive. It seems however that the second and third payments (for 10p and 1p) were made so that the payer could send intimidating messages to Mr H.

I don't believe however that any of that was the fault of NatWest.

Having received a report from the sending bank that its customer was challenging the payments, I don't believe that NatWest had any realistic option other than to restrict Mr H's account. It had no way of knowing until they had been investigated whether the allegations made by the passenger were true. That is, it could not know at the outset whether the payments were fraudulent. Equally, it could not have known whether, if they were fraudulent, Mr H was complicit. It could only decide that once it, and the sending bank, had completed their investigations. It was reasonable to restrict the account while those investigations were carried out.

I don't believe it was unreasonable either for bank staff to point out that personal accounts should not be used for business purposes. They would not have known the circumstances in which Mr H had taken a one-off payment. Mr H has been able to explain what happened, and it does not appear that the bank has taken any further action as a result.

The investigator thought that NatWest should have contacted Mr H sooner than it did and that, had it done so, the account review would have been completed around ten days sooner than it was. She recommended an award of £100 in recognition of that. The bank accepted that recommendation, but Mr H didn't. I need to consider therefore whether I ought to award more than that.

Mr H has explained that he suffered anxiety as a result of what happened. I do not doubt that he did. However, it seems to me that the main reason for that was the actions of his passenger, in particular in using further bank transfers to make additional allegations of fraud and to send him intimidating and threatening messages. As I have said though, that was not the fault of NatWest.

The Financial Ombudsman Service publishes on its website information about the awards we make for distress and inconvenience, or non-financial loss. I am satisfied that the recommendation of £100 (in addition to the £75 which the bank has already paid) is fair and reasonable in this case and is line with awards made in similar circumstances. There is no basis for making a six-figure award. For the avoidance of doubt, I don't believe that there are grounds for awarding interest on the account balance, other than any credit interest already due under the account terms.

I note that Nat West has agreed to make a payment of £100, but I will make an award in that sum, so that Mr H can enforce it, should he need to do so.

My final decision

For these reasons, my final decision is that, to resolve Mr H's complaint in full, National

Westminster Bank Plc should pay him £100.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 25 July 2023.

Mike Ingram
Ombudsman