

The complaint

Mrs C complains about the service she received from National Westminster Bank Plc ("NatWest") in relation to some payments which it placed on hold.

What happened

Mrs C holds an account with NatWest. She wanted to transfer £80,000 from that account to an account she holds with another business which I'll call S. Her NatWest account has a daily payment limit of £20,000. So, she made four separate online transfers of £20,000 each on four separate days.

When Mrs C made the first transfer, the payment was put on hold. She says that NatWest's Fraud Department contacted her and spoke to her husband. NatWest then released the payment to S. The next day, Mrs C made the second transfer. This was also placed on hold but released to S following a conversation between NatWest's Fraud Department and Mrs C's husband. The following day, Mrs C made the third transfer. Again, the funds were transferred to S successfully following a conversation with NatWest's Fraud Department.

On 6 September, Mrs C attempted the fourth transfer. As before, the payment was placed on hold. Mrs C says that her husband had a lengthy conversation with NatWest's Fraud Department, during which she says the line went dead. At that point, she didn't know whether the payment had been released or not. She says she didn't hear any more from NatWest. The next morning, she checked her account with S and saw that the payment hadn't arrived.

Mrs C called NatWest's Fraud Department on 7 September. The agent told her that three payments were on hold. One of them was the fourth payment to S. The other two were credit card payments to two separate businesses which I'll call J and M. Mrs C says she has no idea why these payments were put on hold. She says that NatWest also froze her account, which meant she couldn't pay her bills or make any transactions.

Mrs C says that NatWest sent her a link which should have unfrozen the account and allowed the payments to go through. But she says the link didn't work. So, she and her husband visited a branch around eight miles from their home. She says this was a great strain, given her age and health condition. The branch staff checked her documents and she spoke to someone from the Fraud Department and answered their questions. The account was then unblocked and she says it was fully operational after around an hour.

But Mrs C is very unhappy with the way NatWest handled the situation on 6 and 7 September. She says that, when the phone call was cut off, NatWest should have called her back. She also questions why the three payments (to S, J and M) were put on hold and why her account was frozen. She says that the payment to M never arrived, so she had to pay it again to ensure the money arrived on time, as she didn't want to incur interest.

Mrs C raised her concerns with NatWest. It said it had acted in line with the terms and conditions of her account. It apologised for the inconvenience caused to Mrs C but said it had followed the right process. NatWest said that, if the risk of a potential fraud or scam is

deemed high, its agents are required to follow a proof of payment process which requires the customer to verify themselves and the payment. It suggested that, if Mrs C wanted to make a large payment again, she could make a CHAPS payment from the branch which would reduce the risk of delays.

But NatWest acknowledged that the service Mrs C received from some of its staff had fallen below the high standards it expects. It apologised for the upset this caused and said it would provide feedback to the relevant department. It also paid £50 into Mrs C's account.

In relation to the payment to M, NatWest said it had raised a dispute form to request the return of the funds from M.

Mrs C wasn't happy with NatWest's response and brought the complaint to this service. Since then, NatWest has credited her account with the amount of the missing payment to M. NatWest also offered to pay Mrs C a further £100, to bring the total compensation for the complaint to £150. Our Investigator thought that offer was fair. But Mrs C didn't agree and asked for the complaint to be reviewed by an Ombudsman.

She remains very unhappy that the phone call with the Fraud Department on 6 September was cut off abruptly with no explanation. She says that NatWest didn't contact her to tell her the payment was still blocked or that it had blocked payments to J and M. She says it was only when she called NatWest the next day that she found this out and she has never been told why these payments were blocked. She also says that freezing her account was a draconian and unnecessary measure. She would like an apology and compensation.

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.

Mrs C isn't unhappy about the security checks which were completed on the first three payments to S. She says that NatWest's approach was perfectly reasonable and that she has no reason to complain about the way those payments were dealt with. So, she accepts that NatWest will sometimes stop payments to carry out security checks.

The issue here stems from the fourth payment to S being placed on hold. This didn't follow quite the same pattern as the previous three holds. NatWest says that, although Mrs C had already made three payments to S, that didn't prevent the fourth payment being stopped for checks as each payment is dealt with separately on a case by case basis. It says it can't determine which payments will be picked up by its system for a security check.

NatWest says that, following reviews by its fraud detection system, each transaction receives a score. For security reasons, it can't disclose how that score is calculated. But it has explained that it looks at multiple factors when assessing the payments. NatWest says that the payments Mrs C was making were large payments and unusual for her account. It says that the risk of a potential fraud or scam was deemed to be reasonably high here, so its agent requested evidence of Mrs C's account with S. It says this was in line with its process.

I'd expect NatWest to have security systems and procedures in place to safeguard customers' accounts and prevent fraud so far as possible. As to exactly what those procedures are and how they're carried out, that's for NatWest to decide. I think it's reasonable that this payment to S was referred for further checks. NatWest hadn't asked for this information in relation to the previous payments, but I don't think that makes the request in relation to the fourth payment unreasonable. For security reasons, NatWest can't provide much information about why particular payments are stopped. But it's possible that the

pattern of payments here was a factor in the extra information being requested for the fourth payment. In any event, I think it was a reasonable request and I'm satisfied that NatWest was acting within the terms and conditions of Mrs C's account when it placed the payment on hold and asked her to provide additional information.

NatWest placed a restriction on Mrs C's account until she provided the documents it had requested. Mrs C is very unhappy about this and I can understand that it was stressful and frustrating. But the terms and conditions of her account allow NatWest to suspend or restrict the use of her account for various reasons, including where it reasonably believes that's appropriate in order to protect her account. As it had referred a payment for additional security checks, I think it was reasonable for NatWest also to restrict the account pending the satisfactory conclusion of those checks. So, although I can understand that this was inconvenient for Mrs C, I don't think it was unreasonable for NatWest to restrict the account.

In relation to the payments to J and M, NatWest says these were put on hold because of the block on the fourth payment to S. NatWest had concerns about whether the payment to S was genuine. It had placed that payment on hold and restricted Mrs C's account. In those circumstances, I think it was reasonable for NatWest also to place the payments to J and M on hold. It had concerns about the security of Mrs C's account, so I wouldn't expect it to have continued allowing further payments out until its checks had been completed.

NatWest says that the payments to J and M would have been released once Mrs C had spoken to the Fraud Department, which she did during her visit to the branch on 7 September. Her statement shows that the payments debited her account on that date. I haven't seen anything to suggest payment didn't reach J. So I can't conclude that Mrs C suffered any financial loss or significant detriment in relation this payment being held back.

But she says the payment to M didn't arrive. I'm satisfied that it was released by NatWest. I haven't seen any further information about this payment, so I can't safely draw any conclusions about why it didn't reach its destination or who was responsible for that. But NatWest has refunded this payment to Mrs C. So, I don't think it needs to do anything more in this respect.

Mrs C says that NatWest hadn't told her that the payments to J and M were on hold and has never told her why they were stopped. She wanted me to listen to the calls from 6 and 7 September. NatWest hasn't been able to locate the call of 6 September, but I have listened to the call of 7 September. I'm satisfied that this was the first time Mrs C found out that the payments to J and M had been stopped. So I find that NatWest hadn't called her separately to tell her this; she found out when she called about the payment to S.

I'm satisfied that the agent explained on 7 September that the two smaller payments had been blocked as a result of the payment to S being referred for checks. She said this was NatWest's procedure and explained that, when a customer is referred for a proof of payment check, their account is restricted and all payments are held until the matter is resolved. So, I'm satisfied that Mrs C was told why these payments were being held. It's also clear from the call that the account was restricted by the agent during this call as a result of her request for proof of payment. So Mrs C was told about the restriction when it happened.

Overall, I think it was reasonable for NatWest to put these payments on hold, request proof of payment and restrict the account until it received that information. NatWest accepts that this was frustrating and inconvenient for Mrs C. Unfortunately, it's in the nature of checks like this that they do sometimes cause inconvenience to customers. But the checks are in place to protect customers. I think NatWest tried to minimise the inconvenience by offering Mrs C two different ways of providing the information it wanted: either by using a link to upload the documents or by going into the branch. These options were discussed on the call I've

listened to. Mrs C says the link didn't work, so she had no alternative but to visit the branch. This was a great strain for her, but she says that she received good customer service in the branch and the issue was resolved. So, I'm satisfied that the restrictions were lifted without delay and the impact of the restrictions was limited.

I think the problem here was communication and customer service. Mrs C says that her real issues start with the telephone line going dead on 6 September. I haven't heard this call, but I don't doubt what she says. She says that the person she was speaking to should have called her back or made contact some other way. I think they should have done. It's not clear whether the payments to J and M had already been stopped at this point or whether it was just the payment to S which was on hold. But, in any event, the situation was unresolved when the call came to an end. So, Mrs C didn't know if the payment to S was going to be released. She didn't find this out until she called NatWest back the next day. I don't think that was reasonable and it caused Mrs C considerable distress. I think NatWest should pay Mrs C some compensation to reflect this.

NatWest has already apologised for the poor service Mrs C received and paid her £50 in recognition of this. It has since offered to pay a further £100, to bring the total compensation for the complaint to £150. I think that's fair in all the circumstances. So, I'm going to direct NatWest to pay the further £100.

My final decision

For the reasons above, National Westminster Bank Plc should pay a further £100 to Mrs C.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 17 November 2023.

Katy Kidd
Ombudsman