

The complaint

Miss B complains National Westminster Bank Plc blocked her account for 3 weeks without notice. She would like compensation.

What happened

Miss B had a personal account with NatWest. On 24 December 2021 NatWest blocked the account.

Miss B told us she was abroad on holiday and the block on the account meant that she wasn't able to use her card and she was only able to use the cash she had with her. But some merchants only accepted cash payments. Some of her regular payments were stopped and were not reinstated after the restrictions on the account were removed.

The account was unblocked on 10 January 2022.

Miss B complained to NatWest. On 8 January 2022 they said there had been no error, the account was being reviewed by a specialist team and there was no exact timescale for the review.

Miss B complained to our service. One of our investigators looked into the complaint. She didn't think NatWest had provided us enough information to conclude they had acted fairly when they reviewed the account. She awarded compensation of £150 for the inconvenience including the reconnection fees for some of her utilities and 8% interest on the balance in the account from 24 December 2021 to 10 January 2022.

Miss B accepted the view. NatWest disagreed.

As there was no agreement the matter has come 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.

Financial businesses, like NatWest, are subject to a number of legal and regulatory requirements. These mean they have to monitor their customers' accounts and may need to review an account at any time. While that is happening, they may need to block or restrict any payments.

This is reflected in NatWest's terms and conditions. These say NatWest can block an account to meet its legal obligations and delay payments if needed to carry out further checks. In this case NatWest have said they were following their regulatory obligations when they blocked the account.

NatWest needs to provide information to this service so we can fairly decide a complaint. NatWest has failed to provide sufficient information about why it blocked Miss B's account. I have seen what NatWest have provided. I can see we asked NatWest for more information,

and they haven't been able to provide it. So, in this particular case, because of the lack of complete information, I can't be satisfied that NatWest has treated Miss B fairly when it blocked her account. Taking this into account, I agree with the investigator that NatWest should pay Miss B compensation for the trouble and upset caused by blocking her account from 24 December 2021 to 10 January 2022 as well as 8% interest for not having access to her funds during this period.

Impact of block

Miss B has said that during the block her direct debits were not paid and in particular two of her regular payments were cancelled. She said she had to reconnect some of her utilities which incurred fees. The investigator agreed that Miss B should receive compensation for this, and I agree.

Miss B was also deprived of the use of her funds during the period of the block. The investigator thought Miss B should get compensation of 8% for the period of time the account was blocked. Having looked at the evidence I see no reason to change this.

Putting things right

NatWest should pay Miss B £150 in compensation for the distress and inconvenience of the account block as well as the issues she incurred with her regular payments including the utilities reconnection fees. In addition, because she was deprived of the use of her funds, she should receive 8% simple interest on the balance in her account from 24 December 2021 to 10 January 2022.

My final decision

For the reasons stated above I uphold the complaint. I direct National Westminster Bank Plc to pay Miss B £150 compensation for the distress caused together with 8% simple interest on the balance of her account from 24 December 2021 to 10 January 2022.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 15 February 2024.

Esperanza Fuentes
Ombudsman