

The complaint

Mr P complains that National Westminster Bank Plc (NatWest) blocked him from buying goods online using his debit card.

What happened

Mr P had a current account with NatWest. In October 2023 he tried to make an online purchase from a high street retailer using his debit card, but NatWest blocked the purchase. Mr P tried to make the purchase a number of times over the following few days, but all attempts to buy the goods in question were blocked by NatWest.

Mr P contacted NatWest and used the live chat function to speak to a NatWest adviser. He was told the payments were declined because of 'bank policy rules or suspicious activity'. The adviser went on to say that the controls NatWest had in place to prevent fraud meant that some debit card transactions to other financial institutions exceeded limits in place to protect its customers. The adviser also suggested alternative ways of making payments such as online banking or telephone banking. Mr P complained to NatWest.

NatWest responded to Mr P's complaint and said Mr P was provided with the correct information by the live chat adviser. It said it was unable to provide full details of the policy its adviser referred to, as it contained confidential information.

Mr P remained unhappy and so brought his complaint to this Service. He said the transaction being rejected was for an amount far below his daily limit and account balance. Mr P said the alternative payment methods suggested weren't suitable – for instance he tried ordering from the retailer by phone but the transaction was still declined.

Mr P felt it wasn't right that NatWest kept its policies confidential from its account holders. He asked that NatWest tell him what the policy in question was, that it explain why it put a block on this particular purchase, and that it remove the block.

Our Investigator didn't uphold Mr P's complaint. She said that blocks were put in place to protect both customers and the bank, and that NatWest made a decision not to accept debit card payments from this retailer due to fraud and scam fears. Our Investigator said she understood that the alternative payment methods suggested to Mr P were inconvenient, but said they were for his protection. She also said that banks often won't publish fraud policies, so that they aren't available to those who would defraud.

Mr P responded and said he thought it couldn't be right that a major UK financial institution was able to repeatedly block transactions without a justifiable reason, with no notice and without feasible alternative methods of payment. He said the website he was using was a trusted one.

When our Investigator contacted NatWest to get more information about the block, she was told that it couldn't be provided to this Service, but that NatWest generally takes action, as in this case, due to fraud trends, such as a high instance of reported fraud involving a specific merchant.

As Mr P didn't agree with what our Investigator said, this came to me for a decision.

I contacted Mr P to get clarification about the blocked transactions. He told me that communication with NatWest only started when he reached out to it. Mr P also said that he phoned the retailer to make a purchase, as suggested by NatWest, and was told by the retailer that they were not experiencing any issues taking card payments from other customers. Mr P also confirmed he had no difficulties using his card for purchases from other retailers. Mr P said he was only able to make a payment to the retailer in question more than five weeks after the first transaction was blocked.

I also contacted NatWest and asked a number of questions about the block. NatWest said all available information had already been provided to this Service.

I issued a provisional decision on 12 June 2024 and said NatWest hadn't provided enough information to clarify what happened here, so I couldn't rule out that it simply made an error when it declined Mr P's card. I said I intended to ask NatWest to pay compensation of £150 to Mr P, to reflect the inconvenience of having transactions declined over three days and for the inconvenience experienced when NatWest failed to deal effectively with this matter.

I indicated that my provisional decision could change if NatWest provided additional, relevant information. NatWest responded and provided information from its fraud department about its decision to block transactions for the specific retailer in question.

I issued a second provisional decision on 14 July 2024 and said I didn't intend to interfere with NatWest's decision to take the steps it took to protect its customers. But I said I intended to tell NatWest to pay £75 compensation to Mr P to reflect the inconvenience he experienced. I gave both parties the opportunity to respond.

Mr P responded and confirmed he received the decision. NatWest responded and said it agreed with the outcome.

I am now in a position to issue a final decision.

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.

It's certainly the case that the approach often taken by this Service in relation to blocked transactions is that financial institutions need to be allowed to take whatever reasonable steps they think are necessary to try to prevent fraud and scams. Often what this Service then looks at is how the business in question dealt with the blocked transactions and whether they treated the consumer in a fair and reasonable way. But, as I said, it's often the case that we won't interfere with banks placing blocks on accounts or transactions for security reasons.

The initial difficulty with this case was that NatWest provided very little information about why Mr P was not able to use his debit card. It provided a generic explanation about the action it might take if a given situation occurred. But it fell short of saying that was what happened when Mr P tried to purchase goods from the website in question.

NatWest has now confirmed that it had concerns that the specific retailer in question might have been targeted by fraudsters and so it took the decision to stop its customers from being able to use that particular website for a period of time. It was, in this way, trying to protect its

customers from fraud. So NatWest has confirmed that the problem here was with the retailer and not with Mr P's debit card, or with Mr P's daily limit being exceeded on his debit card, as had been suggested to him by the live chat adviser.

So, in line with our usual approach, I'm not going to interfere with NatWest's decision to take the steps it took here to protect its customers.

I've then considered how NatWest dealt with this matter when Mr P contacted it by live chat and I don't think it was helpful for Mr P to be told, incorrectly, that there might have been an issue with his debit card's daily limit. I also don't think the options offered to Mr P to deal with this matter were helpful. For instance, it wouldn't have been possible for him to purchase the goods he wanted by using online banking, and he wasn't able to make his purchase by phone. NatWest could have told Mr P that he simply wasn't going to be able to use his card for a period of time, rather than telling him that options that weren't really open to him could be tried.

What this means is that I don't think NatWest did enough to assist Mr P when he made contact with it and this caused him some inconvenience.

So I'm satisfied that a fair outcome here is for NatWest to pay £75 compensation to Mr P, to reflect the inconvenience he experienced when he contacted NatWest and it provided unhelpful information about what steps he might be able to take, but ultimately wasn't able to take, to try and make a purchase from the retailer.

I know that Mr P is eager to know more about the particular policies that NatWest relied on here to make the decisions it made. But, as our Investigator said, financial institutions often won't publish fraud policies. It's important, for security reasons, that these remain confidential. This Service would rarely, if ever, tell a business to disclose this type of information to consumers. And on this occasion, I am not asking NatWest to disclose its policies.

My final decision

It's my final decision that National Westminster Bank Plc should pay £75 to Mr P, for the reasons outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 28 August 2024.

Martina Ryan
Ombudsman