

The complaint

Mr G is unhappy that the Royal Bank of Scotland Plc (RBS) stopped a payment he tried to make and put restrictions on his account.

What happened

Mr G attempted to make an online payment for £250. The payment was stopped as a fraud prevention measure. Mr G phoned RBS the same evening to discuss the payment. As he failed its security checks, his account was restricted, and he was instructed to visit the branch.

Mr G spoke to the fraud team while in branch, but the agent still had concerns that the transaction was a scam and declined it. His online banking was restricted, and he was referred to the bank's community protection manager. Mr G was unhappy with this and made a complaint.

Mr G added that when he tried to contact the community protection manager - as he was asked to, he didn't get a response and his account remained blocked. Mr G said that he was unable to pay his credit card as a result and was unhappy he was being contacted about it. In response RBS said the agent was within their right to refuse the payment and his online banking had been restricted in line with the bank's terms and conditions. RBS said its community protection manager tried to contact Mr G but was unsuccessful in doing so and he would still need to speak with them before the restrictions would be lifted. It said that though there was a restriction on his online banking facility, he was still obligated to make his credit card repayments.

However, RBS thought it had given poor service when advising Mr G of the next steps and the reason for the referral to the community protection manager. It also recognised that the agent from the credit card team was wrong to tell Mr G they didn't know who he needed to speak to. And it paid him £65 compensation in recognition of the mistakes made.

Mr G referred his complaint to our service, and RBS subsequently removed the restrictions on his online banking, but it maintained that there had been no bank error. Our investigator didn't think the complaint should be upheld. He accepted that the referral to the community protection manager caused inconvenience, but he thought RBS did so in line with the terms and conditions of the account. But he agreed it could have been better explained to Mr G. Our investigator said that even though his online banking was restricted, the restrictions on Mr G's debit card had been lifted and he still had an obligation to make his contractual monthly payments. He thought the £65 it paid was fair compensation for the poor service he received.

Mr G didn't accept what the investigator said, he says he understands that RBS has an obligation to protect customers, but its actions caused him to have to drive hundreds of miles to collect the item he had tried to purchase, rather than having it delivered. Mr G says that RBS didn't tell him when the restrictions had been lifted. He says he wasn't advised he could pay his credit card using a bank giro slip and he is outraged that he has now received a credit card termination letter as a result.

As an agreement couldn't be reached, the complaint was passed to me to decide and I issued my provisional decision on 14 June 2024 in which I said:

"... I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Having done so, I intend to reach different conclusions to the investigator.

RBS is required to have processes in place to protect its customers and to prevent financial crime. And the way in which it organises its internal systems, and the processes it has in place, such as its fraud prevention systems and protocols, is a commercial matter it is entitled to decide internally. It's not something our service would look to interfere with. Nevertheless, it must ensure it treats its customers fairly and reasonably, so what I must consider is whether it has done so in the circumstances of Mr G's complaint.

I've listened to the phone call Mr G had with the fraud team. The advisor had concerns that Mr G might be falling victim to an online scam. I understand that Mr G doesn't agree, and I accept that the seller might have been genuine in this case, but I don't think it's unreasonable that the bank declined the payment if it had concerns at the time.

That said, I'm not persuaded it treated Mr G fairly in maintaining the restrictions on his online banking facility. I'll explain why.

The terms state:

"5.3 We may suspend or restrict use of your accounts, or certain services (such as your debit card or online banking) if:

- We reasonably think it is appropriate in order to protect your account."*

I don't find it unreasonable for RBS to offer Mr G additional support and information on how to bank safely. However, I'm not persuaded RBS has shown it had reason to think Mr G's account was in danger of further harm, enough to warrant maintaining the restrictions on his banking facilities – outside of this particular transaction, for as long as it did.

During the phone call, the fraud team member advises Mr G that they had made a referral to the community protection manager so that he might be taught to bank securely. They indicate that this was down to the fact that Mr G did not agree that the purchase he wanted to make was a scam.

I accept that scammers often use the online site Mr G used to scam unsuspecting consumers, however there are still some genuine sellers that trade via this online marketplace. And I don't think it's unreasonable that Mr G was of a different opinion to the agent he spoke to.

RBS removed the restriction on the online banking following a referral to our services, because it thought it was unlikely Mr G would let it provide additional support. Mr G informed the community protection manager that he did not wish to speak to him, so I think RBS will have been aware early on that Mr G did not wish to receive the additional support. As such, I find it could have reinstated his online banking facility sooner than it did.

During the phone call, the agent states to the branch staff, in error, that Mr G's debit card would remain blocked. I find it likely that this information was relayed to Mr G. And I can't see that RBS corrected this until over two months later in its final response letter to him. While I think it's likely Mr G had another account and wasn't left without any funds, looking at his account statement, I can see this was an account he used regularly prior to the incident,

so, I think this would have been inconvenient.

Mr G says he was not informed until later of an alternative way in which he could make his credit card payments. I accept this, and I find RBS could have done more to support Mr G by advising him of alternative ways to make the payments sooner. That said, Mr G then made the decision not to make the repayments until the complaint was resolved. It's important to note that Mr G had an obligation to make his credit card repayments. As I mentioned, I think it's likely Mr G had another account elsewhere he could use, and I find he could have done more to mitigate the situation. Particularly, once he was made aware of an alternative way to make the repayment.

RBS accepts the service Mr G received could have been better and it paid him £65 in compensation. However, considering that Mr G was also without use of his online and telephone banking for several months, and was given inaccurate information regarding his debit card. I find a total of £200 compensation fair for the frustration and upset caused."

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.

As both parties accepted my provisional decision, I see no reason to depart from it.

My final decision

For the reasons given, I uphold this complaint and require the Royal Bank of Scotland Plc to pay a total of £200 in compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 23 July 2024.

Oluwatobi Balogun
Ombudsman