

The complaint

A charity which I'll call U complains that National Westminster Bank Plc ('NatWest') blocked several transactions from their account.

The complaint is brought on U's behalf by one of its trustee's, Mr M.

What happened

U held a current account with NatWest.

Mr M told us:

- In April, May and June 2024, NatWest had blocked a total of seven transactions which it had deemed to be 'high-risk'. These included payments which had been made to existing payees through the bank's telephone banking service.
- NatWest blocked Mr M's access to the account in May 2024 and he received a missed call from the bank about the two transactions he'd made. However, the bank hadn't contacted him about the other five transactions.
- He'd asked NatWest to reconsider how it was implementing its fraud procedures when he was making payments from U's account as this was causing the charity inconvenience. He'd also asked the bank to tell him how he could prevent these payments being blocked, but it said it couldn't do this.
- NatWest was behaving unreasonably as it took around an hour to speak to the bank to get the payments released, it also took four days for his access to U's account to be reinstated and he doesn't have the confidence that U's payments will be received by the recipients as the charity's online banking showed that these payments had been made – but they weren't actually being received. He also thought the bank's response that "there was nothing it could do" wasn't acceptable as it could choose the measures it put in place.

NatWest told us:

- It didn't think it had done anything wrong in restricting the payments from U's account as they had been flagged for further checks due to the risk of fraud. However, it acknowledged that it had taken longer than it would have liked for Mr M to be able to speak to an agent due to the high call volumes it was experiencing.
- It also didn't think it had behaved unreasonably in restricting Mr M's access to U's account in May 2024 due to the fraud risk it perceived. However, it acknowledged that an error had taken place when Mr M had called to reinstate his access which meant it had taken four days for this to be reinstated. It had apologised for this error and paid U £100 compensation for the inconvenience caused.
- It recognised that Mr M wanted to know the factors being used by the bank to identify

fraudulent transactions, but for security reasons it wasn't able to say what these were – nor was it able to tell Mr M how he could circumvent these factors, so U's payments weren't restricted.

- Following a restriction being placed on a payment, its system will attempt to contact the account holder within 72 hours. And if confirmation of the payment isn't received during that time, then the payment would be rejected. It had apologised that Mr M hadn't been contacted for some restricted payments but had then been contacted in June after he'd already confirmed the payments. It had paid U £50 for the inconvenience caused here which it thought was enough to put things right.

Our investigator didn't recommend the complaint be upheld. He didn't dispute that NatWest's actions from restricting U's payments would have caused the charity inconvenience. He also agreed that NatWest's actions could have been better when it restricted U's payments - but he thought the £150 compensation already paid by the bank was enough to put things right. The investigator also thought that NatWest had a duty to protect its customers from fraud and it was the bank's decision on what systems it had in place to do this. He also said that it wasn't reasonable to expect NatWest to tell Mr M how to circumvent these checks as that would defeat the purpose of a fraud check.

Mr M didn't agree. He said that NatWest hadn't provided an acceptable level of service and its actions weren't a proportionate response to authorised push payment fraud.

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.

Having done so, I'm sorry to disappoint Mr M but there's not much that I can add to what our investigator has already said.

Mr M says that NatWest restricted an unreasonable amount of U's payments – none of which were fraudulent – and that this isn't a proportional response to the risk of fraud. But I'm not persuaded that's the case. NatWest has legal and regulatory obligations it has to meet to ensure that its protecting its customers' accounts. It is a commercial decision which NatWest is able to make on what systems it has in place and what checks it undertakes to comply with its obligations.

I've looked at U's account statements and whilst I acknowledge that NatWest has restricted a larger than ideal proportion of U's payments, I don't think that is unreasonable considering the overall activity of the charity's account. I also don't think the bank has acted unreasonably from declining to tell Mr M how to circumvent the fraud checks which it has in place to protect both itself and the charity's account.

Furthermore, the terms of U's account with NatWest say that the bank can delay making payments on the charity's behalf if it reasonably believes the payment has a high risk of being fraudulent, if the transaction is unusual or if it wants to carry out further checks to get more information. So, I'm satisfied that NatWest has acted in line with the account terms when restricting U's payments so it could obtain further information from U's trustees that the payments were legitimate.

I recognise Mr M's concern that although the payments were restricted by NatWest that they were still showing as having debited from U's account. However, NatWest has explained that when a payment is restricted, it allows 72 hours for U to confirm the payment isn't fraudulent – then it will be released. Therefore, the debit will show because the transaction is pending

this authority. If the bank didn't allow the payment to show in this manner, it would mean the payment would need to be cancelled and resubmitted – which would cause U further inconvenience. Or it could lead to duplicate payments being submitted and payments being made with an insufficient account balance. So, I think it's reasonable for these payments to show as having already debited.

Nevertheless, I do think NatWest could have done things better here. I say that because Mr M told us that the bank didn't call him about all the payments that had been restricted – which meant he was unaware of this until he'd been contacted by the intended recipients. Furthermore, the bank has accepted that even when it did call Mr M it took an unreasonable time for him to speak to a member of staff due to the call wait times. It also accepts that it didn't remove the restriction on Mr M's access to U's account when it should have done, which caused further inconvenience. However, I can see that the bank has apologised for these errors and paid £150 for the inconvenience caused. So based on all the circumstances of the complaint, I'm satisfied that NatWest has done enough to put things right.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask U to accept or reject my decision before 4 October 2024.

Jenny Lomax
Ombudsman