

The complaint

Mr L complains that National Westminster Bank Plc refused to pay a card transaction on his account.

What happened

In June 2024 Mr L says he attempted to pay a restaurant for a meal using his NatWest card but the transaction was declined on all five attempts. He contacted NatWest's online chat service, which explained that it had fraud monitoring systems in place and that it might decline transactions. It suggested he use an alternative payment method.

Mr L complained to NatWest about the blocked transaction. He said NatWest had no right to tell him how he could spend his own money. He says he had declined NatWest's update to its terms and conditions and has since decided to bank elsewhere.

NatWest responded to say it declined his payment due to bank policy. It said it couldn't give Mr L full details of its policy as it would contain confidential information, but its intention was to protect both the customer and the bank. Although it didn't consider it had made an error, NatWest said it had credited Mr L's account with £70 as a gesture of goodwill.

Unhappy with NatWest's response, Mr L came to us. Our Investigator looked into his complaint and asked for further information both from NatWest and Mr L. Having done so, our Investigator did not uphold Mr L's complaint. He noted NatWest had suspected the transaction was related to cryptocurrency. Although Mr L said that was not the case, our Investigator thought NatWest had been entitled to decline the payment. It had fairly offered Mr L compensation. Our Investigator noted that Mr L's decision not to accept the updated account terms and conditions had been after the declined transaction.

Mr L requested an Ombudsman's review. In summary, he said that if NatWest had made a genuine attempt to protect a transaction the bank would have requested he approve it, as he has done on many occasions. He had earlier said he did not recall receiving 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.

I don't uphold this complaint. I'll explain why, focusing on what I think are the key issues.

NatWest's account terms and conditions say at section 2.2 that it can delay or refuse to act on its customer's instructions in certain circumstances:

"We'll always follow your instructions (including to pay in cash or cheques, or to withdraw cash), unless:

- We reasonably suspect your instruction is connected to a scam, fraud or any other crime, or we reasonably consider that your instruction is of a type where there is a*

high risk of there being such a connection;”

At section 5.3 NatWest says that it can limit the use of certain services such as the debit card *“if we reasonably believe it’s appropriate in order to protect your account”*.

The merchant’s name included three initials and NatWest has told us that it suspected Mr L’s transaction was related to cryptocurrency. It says that it may block some suspected cryptocurrency transactions because of its concern of the increasing risk of fraudsters exploiting cryptocurrency.

Mr L says he was not attempting to make a cryptocurrency transaction and I understand his frustration given he was trying to pay for a meal in a restaurant. But I think NatWest reasonably suspected both a transaction at high risk of fraud and reasonably believed that declining the transaction was appropriate to protect his account. It properly suggested that he use an alternative payment method if he wanted to continue with the transaction.

It follows that I don’t think NatWest wrongly blocked the transaction. Although NatWest didn’t accept it had made an error, it reasonably recognised that Mr L had been inconvenienced. So I think it fairly paid him £70 compensation in recognition of this. I’ve seen from Mr L’s bank statement that NatWest credited his account with the compensation on 25 June 2024.

Mr L says that NatWest has misled us. He has not given specific reasons for this but on the available evidence I’ve not seen anything to suggest that NatWest misled this Service.

I understand Mr L says he rejected NatWest’s terms and conditions. He was entitled to do so and to make other banking arrangements. I note that his rejection of the terms and conditions was made after the transaction in question. But even so I would not generally consider a consumer’s unilateral rejection of the terms and conditions of their bank account to be a reasonable basis, of itself, for me to uphold their complaint.

My final decision

For the reasons I’ve explained, I don’t uphold this complaint.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr L to accept or reject my decision before 28 October 2024.

Amanda Maycock
Ombudsman