

The complaint

Mr H, acting in his capacity as director of a limited company (A), complains that National Westminster Bank Plc didn't contact him about a block being applied to a transaction from his business account. He believes this goes against the account terms and conditions.

What happened

On 25 March 2024, Mr H set up a payment from A to a new payee for an amount of £40,000. He said that payment details were matched and checked on the NatWest app and the payment was shown as leaving A's account. However, the transaction was blocked. Mr H said that he wasn't made aware of the block being applied and it wasn't until he contacted NatWest about an issue with a different account payment that he became aware of this. Mr H said that the payment was time critical as it needed to reach the payee account before the end of the financial year.

NatWest issued a final response letter dated 17 April 2024. It said that the £40,000 transaction was stopped in line with its scam and fraud prevention measures and was then rejected on 28 March as it hadn't heard from Mr H. A further payment attempt for the same amount and to the same payee was made on 28 March and was also stopped but as Mr H confirmed this as genuine the transaction was authorised on the same day. It said that due to the nature of the concerns raised this was dealt with by a specialist team and that this team doesn't contact the customer in these circumstances but waits for the customer to make contact. It said it had acted in line with its policies. It said that there had been no bank error, however it apologised for the upset the issue had caused and paid £150 as a gesture of goodwill.

Mr H wasn't satisfied with NatWest's response and referred his complaint to this service.

Our investigator didn't uphold this complaint. She noted that NatWest had a duty of care and that the account terms explained that a payment instruction can be refused if NatWest reasonably suspects fraud or any other crime. She said that it was reasonable that NatWest wanted to perform additional checks to ensure the transaction was genuine. She noted Mr H's complaint was that he wasn't contacted about the block being applied but said that NatWest wasn't required to do this on certain payments. She noted that NatWest had apologised for the inconvenience that was caused by this issue and paid £150 because of this (and a linked complaint). She explained that as the complainant in this case was A (a limited company) we couldn't recommend any compensation for the directors for any distress they incurred.

Mr H responded to our investigator's view. He said he wasn't complaining that NatWest had blocked the payment to carry out checks but that he wasn't contacted about this. He said the terms set out that contact would be made but he didn't receive a text about this and there was no technical reason why he wouldn't have done so.

My provisional conclusions

I issued a provisional decision on this complaint the details of which are set out below.

Mr H, in his capacity as a director of A, set up a payment on 25 March 2024. This payment was blocked. NatWest is required to have fraud prevention systems in place and as the transaction was flagged by its systems, I do not find I can say it did anything wrong by applying the block to the payment until further checks had been completed. Mr H has explained that he isn't complaining about the block being applied but instead that he wasn't told this had happened. Mr H said that he only became aware of the payment being blocked when he contacted NatWest about an issue on a different account.

Mr H has referred to sections 5.5. and 5.6 of the account terms which set out that NatWest will contact a customer if it has any concerns about the activity on an account or suspects that an account might be the subject of fraud or security threats. Section 5.3 of the terms explains when payments can be suspended or restricted and states that NatWest will try to explain its reasons for taking the steps unless there is a legal or security reason which means it can't provide an explanation.

I've considered the account terms and also reviewed the relevant sections of the Payment Service Regulations 2017, specifically section 82 (1) which deals with refusal of payments.

This says,

"Subject to paragraph (4), where a payment service provider refuses to execute a payment order or to initiate a payment transaction, it must notify the payment service user of –

(a) the refusal

(b) if possible, the reasons for such refusal; and

(c) where it is possible to provide reasons for the refusal and those reasons relate to factual matters, the procedure for rectifying any factual errors that led to the refusal.

(2) Any notification under paragraph (1) must be given or made available in an agreed manner and at the earliest opportunity...

...

(4) the payment service provider is not required to notify the payment service user under paragraph (1) where such notification would be otherwise unlawful."

NatWest has explained that although most blocked transactions will create a text message, some payments, depending on the restriction applied, will go to a specialist team, who, due to the nature of the stop, will not contact the customer, instead it waits for the customer to contact NatWest. It has confirmed that this transaction was referred to its specialist team and it then followed its usual process by allowing time for Mr H to make contact.

While I note NatWest's comments, based on what I have seen, it isn't clear that there was a legal or security reason why the contact couldn't be made or that the notification would be unlawful. Without this I think NatWest should have attempted to contact Mr H within a reasonable timeframe. Therefore, I do not find that it provided the service it should have when the transaction was blocked.

I considered the impact of Mr H not receiving contact about his blocked transaction. In this case I note that he became aware of the issue three days later and the transaction was authorised on that day. So, while I appreciate this was a delay and I find that Mr H wasn't provided with the service he should have been I also note that NatWest paid £150 as a gesture of goodwill in response to this and a linked complaint. Taking everything into

account, I find this a fair resolution to this complaint and therefore, I do not require NatWest to do anything further in resolution of this complaint.

No new information was provided in response to my provisional 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.

As no new information was provided in response to my provisional decision, my conclusions haven't changed. As I set out in my provisional decision, based on what I have seen, it isn't clear that there was a legal or security reason why Mr H (acting on behalf of A) wasn't contacted about the blocked transaction. Therefore, I think NatWest should have attempted to contact Mr H within a reasonable timeframe and as it didn't do this, I do not find that it provided the service it should have.

However, for the reasons I previously set out, considering the impact this issue has caused, I find that the £150 NatWest paid as a gesture of goodwill in response to this and a linked complaint is a fair resolution. Therefore, I do not require NatWest to do anything further in response of this complaint.

My final decision

My final decision is that I uphold this complaint. But noting the action National Westminster Bank Plc has taken, I do not require it to do anything further in resolution of this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask A to accept or reject my decision before 30 October 2024.

Jane Archer
Ombudsman