

The complaint

Mr L is unhappy that The Royal Bank of Scotland Plc ("RBS") refused his instruction to transfer money to his brother's account following a previous successful transfer.

What happened

I issued my provisional decision on this complaint, inviting both parties to let me have any further comments. Below is a copy of what I provisionally decided and why.

Mr L transferred £5,000 to his brother in March 2024. Soon after, he attempted to send a further £9,000 but this was blocked by RBS. RBS contacted Mr L on the same day to make him aware of the block.

Mr L called RBS shortly after and they explained that they felt the payment was a risk. Mr L explained that he was lending his brother £14,000 for the purchase of a boat. And that his brother was due to repay the money the following week with the proceeds of the sale of his previous boat.

RBS were concerned that Mr L was contacted by the brother via WhatsApp, so Mr L agreed to call his brother to confirm that it's a genuine request. Once this was done Mr L called RBS back and confirmed that he'd called his brother to verify the request and agreement as per their guidance. He also confirmed that his brother was conducting surveys and checks on the boat before the purchase explaining the full circumstances again.

Despite this, RBS advised that they didn't think the payment was safe and refused to release the money. They also stated that Mr L couldn't make payments to his brother from his RBS account as they felt it was a risk. Mr L complained, but RBS didn't think they acted unreasonably as they weren't happy with the risk in sending the payment.

One of our Investigators reviewed this complaint. But they felt that it had been reasonable for RBS to refuse to complete the transfer, so they didn't uphold the complaint. Mr L remained dissatisfied, so the matter was escalated to an ombudsman for a final decision.

What I've provisionally 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.

Businesses like RBS have an obligation to protect their account holders' money, including where they reasonably believe that an account holder may be falling victim to a scam. When a business has these concerns, they may decline to complete an instructed transfer to gather information that supports that the instruction is legitimate and that a scam isn't taking place.

In this instance, Mr L funded the account with £13,500, made the transfer of £5,000 and attempted transfer of £9,000 within two days. Mr L generally keeps the balance of the account below £200 and when large payments are received, they often go into an account in his name. As the large payments were being made to Mr L's brother, I can see why the second payment may have flagged as unusual activity.

A payment can be blocked for multiple reasons and after reviewing the account activity, I think RBS had reason to initially restrict this payment and ask Mr L further questions – so I think this part of the process was handled reasonably. I can see that Mr L accepted this as he's aware of the bank's obligation to protect customers.

When RBS spoke to Mr L later that day, they asked questions to understand the reason for the payment, how it was requested and how Mr L expected it to be returned to him. RBS highlighted concerns that they are seeing lots of WhatsApp scams and they're ensuring that customers are getting verbal confirmation from the beneficiaries.

Mr L confirmed on multiple occasions that he called his brother to check that the request to borrow money was legitimate. He also explained the checks his brother was making for the purchase and how his brother agreed to repay him. RBS asked for no further information from him, so I'm satisfied he did what he could to show that the payment was for legitimate reasons.

After this, RBS didn't provide any clear reason for why they believed the payment wasn't safe to send and instead of providing Mr L with steps to satisfy these concerns, he was told there was nothing more he could do. I've seen no evidence to support why RBS still reasonably believed the payment was a scam after Mr L had verified that he had the conversation with the right person.

Later in the call, RBS advised that Mr L could still send the funds to his brother through PayPal as an alternate method – which tells me that RBS was still happy for the payment to be made as long as it wasn't from their bank.

I don't think this supports that there was a legitimate concern that a scam was taking place and based on these circumstances, I don't think it was reasonable for RBS to continue refusing to release the payment.

Mr L has advised that his brother eventually decided not to proceed with the payment, so the impact of this error is limited as no loss was caused by the refusal. But the experience would have undoubtedly resulted in frustration, confusion and concern over how Mr L will manage his finances in future - as he now intends to close his account.

Due to the above, I will be provisionally upholding this complaint in Mr L's favour and instructing that RBS make a payment of £150 to him, which I feel recognises the distress and inconvenience caused to him.

My provisional decision

My provisional decision is that I intend to uphold this complaint and direct The Royal Bank of Scotland Plc to pay Mr L £150.

I asked for both parties to provide responses by 21 November 2024. Mr L responded accepting what I'd said, but RBS didn't respond.

Given that I haven't been presented with anything compelling disagreeing with my provisional decision, I see no reason to depart from it and fully adopt that decision as part of

this decision. My conclusions are that RBS has acted unreasonably and must do something to put things right.

My final decision

My final decision is, The Royal Bank of Scotland Plc should pay £150 to Mr L.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 30 December 2024

Chris Lowe
Ombudsman