

The complaint

Mr G complains that National Westminster Bank Plc (NatWest) unfairly blocked his account, leaving him without access to funds.

Mr G is also unhappy with the service NatWest provided him. He says NatWest were rude to him and he couldn't visit his branch due to it being closed. Mr G adds that NatWest contacted the emergency services, which he says was distressing and impacted his mental health.

To put things right Mr G wants NatWest to provide a proper explanation for why it blocked his account and pay substantial compensation for his financial loss and the trouble and upset he was caused.

What happened

Mr G has a current account with NatWest. Mr G used his account to receive his benefit payments and pay everyday expenses.

Mr G has explained that he has had a very difficult time over recent years as a result of having to deal with the bereavement of three close family members within a short space of time. Mr G has also explained that he has had a three-year battle with the Department of Work and Pensions (DWP) over money he was entitled to claim, which resulted in him receiving back dated universal credit payments of just over £10,000 in November 2022.

On 4 November 2022, Mr G received a payment of £10,851.21 into his account from the DWP, for money he was entitled to claim between February 2020 and September 2022.

Mr G has explained that he intended to use some of the backdated DWP money to rewire his house and carry out other renovations to his home – all of which he hoped would improve his mental health. After getting quotes Mr G employed a team of builders to carry out the electrical work, which cost around £3,500. Mr G said the builders asked him to pay them in cash, in return for a cheaper quote that didn't include VAT, which Mr G was happy to do, and after paying the builder a small deposit, a team of builders completed the rewire of his house in one day, on 25 November 2022.

Following this on the 25 November 2022, Mr G went to a branch intending to withdraw £3,435 cash to pay the builders. Whilst at the bank, the branch staff asked Mr G the reasons for the withdrawal and asked if he had an invoice. Mr G explained that he didn't have any paperwork to provide for the work and that he was expecting this to be forwarded later by email. After waiting at the branch, staff declined to process Mr G's withdrawal request.

Mr G said that whilst he was in branch, he was put into a separate room to wait and then given a letter saying his account had been frozen. Mr G has said that the staff accused him of money laundering, which he found very distressing, especially given his mental health conditions. He adds that staff kept him waiting for 45 minutes whilst they made phone calls

about what was happening with his account, and whether they could allow him access to any money, which he found upsetting.

Mr G left the branch and returned home without the money to pay the builders. Mr G says the builders were very annoyed, and because of the nature of work he had done in the house he had no food, as he had run down his fridge. He also said that his house was very cold because he couldn't go ahead with insulation works, and he had no money to pay for gas and electric, all of which impacted his mental health.

Mr G contacted NatWest to explain his entitlement to the money that had been paid into his account from the DWP. Mr G said he hadn't done anything wrong and felt the bank were treating him like a criminal and discriminating against him which made him feel worthless.

Mr G offered to provide the letter he'd received from the DWP, which he said would demonstrate he was entitled to the £10,851.21 that had been paid into his account on 4 November 2022. Mr G told NatWest that he just wanted access to his money and was upset that he couldn't go into branch on 26 November 2022, to sort things out due to it being closed at the weekends.

Mr G was able to go to branch on 28 November 2022, to withdraw £200 for living expenses. Following this Mr G called the bank's fraud department and told them that their actions had caused him to consider harming himself. In response, fearing for Mr G's welfare NatWest, called the police who then contacted him to check on his well-being. Mr G says this made him feel worse about the situation. And made him suspect the bank were trying to have him sectioned. He has explained that he spoke to the police on the phone and had to convince them not to go round to his home, which he said heightened his anxiety and depression. Following this Mr G made calls to DWP hoping that they could intervene and speak to NatWest on his behalf about the back dated money he'd received. But they said they couldn't help.

Mr G said the £200 NatWest allowed him didn't last long. He said he couldn't heat his home properly due to the cost, couldn't buy food and couldn't go ahead with the remaining building works at his home. Mr G also said that he missed bill payments and had to delay paying the builder for the rewire work on his home.

NatWest removed the block on Mr G's account on 7 December 2022. Following this Mr G was able to access his account normally and he made several withdrawals in branch between 7 and 13 December 2022.

Mr G complained to NatWest. He said because of the bank blocking his account he'd been called a liar by the builder and threatened with debt collectors by him. He said to smooth things over he had to pay him an extra £100 to make up for what had happened. Mr G said he had come to a complete block on the work on his house, and that his mental health was now back to square one, and he'd wasted time visiting the bank's branch and making phone calls to the bank. Mr G also said because of the impact to his mental health he has had to stop the work he had been doing which has caused him a loss of earnings.

In response, NatWest apologised for the inconvenience blocking Mr G's account had caused. But it didn't uphold Mr G's complaint. In summary NatWest said:

- It hadn't done anything wrong when it had blocked Mr G's account and the withdrawal he had wanted to make.
- NatWest said it had done so to comply with its legal and regulatory obligations. And that whilst an account is blocked no credits or debits can be made.
- It hadn't discriminated against Mr G in anyway by taking the actions it did.
- When Mr G had attended branch to make the withdrawal the staff had followed its internal

processes and contacted other bank departments to find out if they were able to release funds to Mr G.

- NatWest had made a commercial decision from February 2022, to only have a certain number of branches open on a Saturday. And whilst it was sorry if Mr G had been impacted by this, it was a business decision it was entitled to make.

Mr G remained unhappy and brought his complaint to our service where one of our investigator's looked into what had happened. The investigator said based on the limited information NatWest had provided she wasn't satisfied the bank had treated Mr G fairly when it had blocked his account. So, she said NatWest should pay Mr G £150 compensation for the trouble and upset he'd been caused by the bank blocking his account.

Mr G didn't accept the investigators view and said he should be paid much more compensation. He said the bank were aware he suffered from depression which was made worse by the bank calling the police and blocking his account. In summary he said:

- He had to pay the builder more money and buy him a bottle of whiskey to apologise, for making him wait for his money.
- He had to make three trips to the bank to take out £1,500 each time to take to the builder. And he had to drive to the builder, which was a round trip of two hours each time. So, NatWest should compensate him for the extra money he had to pay the builder (£200) and inconvenience of having to drive to the builder.
- He should be awarded punitive damages for the bank ignoring him and the Ombudsman service of around £18,000.
- NatWest should pay him around £30,000 for the emotional distress he has suffered.
- He lost around £150,000 in earnings he could have made from online views to work he created and posted online because he had to stop what he was doing due to his mental health being severely impacted by NatWest's actions.
- NatWest should pay him around £56,000 for looking into his DWP claim, which is a data breach.
- Overall, Mr G says he wants around £250,000 compensation. And if he doesn't get something close to this amount, he will take the matter to court.

The investigator went back to NatWest for more information about what had happened when Mr G had gone into the branch on 25 November 2022. And asked it to provide more information about why it had blocked Mr G's account. NatWest reached out to the branch staff who said they remembered Mr G visiting the branch. They said Mr G had come into the branch to take out cash to pay a builder. They said he had told them that he had agreed to pay the builder in cash as he'd given him a good quote and knocked off the VAT.

The investigator looked at everything again. She said she hadn't seen enough evidence from NatWest to explain why it had restricted Mr G's account. So, she couldn't conclude the bank had treated Mr G fairly. To put things right she said NatWest should pay Mr G £300 compensation along with 8% interest on Mr G's account balance whilst his account had been blocked. The investigator didn't think NatWest had done anything wrong when it had called the police to check on Mr G's welfare and hadn't provided him with an explanation for why it had blocked his account.

Mr G disagreed. He said NatWest accused him of money laundering and continued its campaign of harassment and discrimination by blocking his account and calling the police. He maintained that he wants a substantial amount of compensation for the way he has been treated by NatWest. And that the bank has discriminated against him.

Mr G also explained that he has had further problems in his home, regarding a water leak, which he says he holds NatWest responsible for, because of the trouble he had paying the builders – he says they must have forgot to tell him about the leak. So, he wants the damage and repairs added to the compensation he is seeking.

As no agreement could be reached the matter came to me to decide. After looking at all the evidence and circumstances of this complaint I issued a provisional decision in which I said the following:

The summary of events above is brief, and in far less detail than both parties have given. I don't intend any discourtesy in taking this approach. Instead, I've focused on what I consider to be the key issues involved here. The rules of our service – The Dispute Resolution (DISP) rules in the Financial Conduct Authority's handbook – provide me the discretion to do this. This is to reflect the informal nature of our service, as an alternative to the courts. If I haven't mentioned something in particular either party has submitted, this isn't because I've not considered it or taken it on board. Rather I do not feel I need to comment on it to reach a fair and reasonable outcome.

I would add too that our rules allow us to receive evidence in confidence. We may treat evidence from financial businesses as confidential for a number of reasons – for example, if it contains information about other customers, security information or commercially sensitive information. It's then for me to decide whether it's fair to rely on evidence that only one party has seen. It's not a one-sided rule; either party to a complaint can submit evidence in confidence if they wish to, and we'll then decide if it's fair to rely on it

DISP 3.5.9R states:

“The ombudsman may:

(1) exclude evidence that would otherwise be admissible in a court or include evidence that would not be admissible in a court;

(2) accept information in confidence (so that only an edited version, summary or description is disclosed to the other party) where he considers it appropriate;

Here, the information is sensitive and on balance I don't believe it should be disclosed. But it's also clearly material to the issue of whether NatWest has treated Mr G fairly. So, I'm persuaded I should take it into account when deciding the outcome of the complaint. I'm sorry to Mr G that I won't be able share a significant amount of detail. But I would assure him that I've considered everything carefully.

I'll deal first with the block of Mr G's account. As the investigator has already explained, NatWest has important legal and regulatory obligations it must meet when providing accounts to customers. They can broadly be summarised as a responsibility to protect persons from financial harm, and to prevent and detect financial crime. This sometimes leads to payment instructions being declined, accounts being closed, and funds in accounts being withheld from account holders. The terms and conditions of Mr G's account also make provision for this.

With this all in mind, I've considered the basis for NatWest's decision to block and withhold the funds in Mr G's account. Having looked at all the evidence and circumstances of this complaint, which includes considering the information NatWest has shared with this service in confidence, I'm satisfied that NatWest have acted in line with their legal and regulatory obligations when it blocked Mr G's account and didn't allow him access to the money in it.

So, whilst I accept this caused Mr G a good deal of trouble and upset, I can't say NatWest have treated Mr G unfairly when it blocked his account.

Mr G says NatWest refused to tell him anything about what was happening with his account and why it had blocked the account. He says that when he went into branch the staff accused him of money laundering and made him feel like a criminal. And that he was made to wait 45 minutes whilst staff made phone calls to try and sort things out.

We've asked NatWest about Mr G's visit to branch, and it has confirmed that staff would have contacted other departments to find out if they could grant him access to his account. Whilst I accept Mr G had to wait at branch, the way in which NatWest organises their internal departments, systems, and processes such as their fraud departments and review teams, is a matter for them to decide internally. It's not something that we would look to interfere with.

But what I have thought about is whether Mr G was treated fairly in the particular circumstances of the complaint. I don't know what was said to Mr G when he went into the branch because I wasn't there. But I know NatWest's decision has caused Mr G worry. And I know NatWest's decision to block his account will have had an impact on Mr G's overall wellbeing. So, I understand of course why Mr G wants to know the exact reasons behind NatWest's decision, other than what he's been previously told. And I can see from looking at NatWest's notes and Mr G's submissions, that he has asked NatWest to explain itself on several occasions. But I can't see that NatWest has acted unfairly here. That's because NatWest is under no obligation to tell Mr G the reasons behind the blocking of his account as much as he'd like to know. So, I can't say it's done anything wrong by not giving Mr G this information. And it wouldn't be appropriate for me to require it to do so now.

Mr G has said that he believes that he is a victim of discrimination by NatWest. He says NatWest didn't take into account his mental health conditions when it blocked his account. And accused him of money laundering. While I can appreciate this is his perspective, it is not my role to decide whether discrimination has taken place – only the courts have the power to decide this. I have, however, considered the relevant law in relation to what Mr G has said when deciding what I think is the fair and reasonable outcome. Part of this has meant considering the provisions of The Equality Act 2010 (The Act). I have to consider if other customers in similar situations would have been treated the same way.

Having looked at all the evidence, I'm satisfied that it was the payment that Mr G wanted to make that triggered NatWest's concerns and what that represented. Mr G's DWP money was just the means to carry out the transaction. So, I can understand why NatWest blocked Mr G's account and declined his withdrawal request. Having looked at all the evidence, I'm satisfied Mr G was treated fairly and reasonably, and I haven't seen anything that suggests NatWest would have treated another customer with similar circumstances who presented with the same payment request any differently than Mr G.

Mr G suspects NatWest blocked his account because it thought there was a problem with the large payment, he received from DWP. Mr G says NatWest contacted DWP to check if he had committed benefit fraud, which is a breach of data protection legislation. I want to assure Mr G that whilst I understand Mr G's concerns, I've not seen any evidence that NatWest contacted DWP or conducted any sort of fraud investigation regarding Mr G's DWP payments. As I've said above it was Mr G's payment request that triggered NatWest's concerns.

Mr G has told us that NatWest didn't offer him any support whilst his account was blocked. Mr G told NatWest that he didn't have any money and couldn't buy food and pay for everyday essentials such as gas, electricity, so he couldn't heat his house. But I can see that NatWest did allow Mr G access to £200 to pay for essentials. I note too that NatWest

contacted its financial support team and they pointed Mr G to external support agencies including the benefits agency, and social welfare services. I think the support NatWest spoke about is reasonable. And that it was fair of the bank to suggest this. So, I think NatWest reacted to what Mr G told them about his circumstances and I find the support offered by the bank reasonable.

Mr G has also said he is unhappy that NatWest contacted the police. He says this made him feel harassed and that the bank was trying to have him sectioned. I've taken the time to listen to the call Mr G had with the police and reviewed the evidence available to me. Having listened to the call, and whilst I have empathy for the situation Mr G found himself in, I can understand why the NatWest took the action they did. I say this because Mr G was quite distraught by the bank's actions – so much so that he threatened to harm himself. I think the bank staff had no alternative other than to take what Mr G was saying very seriously. NatWest had a duty of care to Mr G and its actions followed directly from exercising that. So, I don't think contacting the emergency services to check on Mr G, was an unreasonable course of action for NatWest to take given the seriousness of what Mr G disclosed about his intentions to harm himself.

Mr G has said that NatWest took far too long to remove the block from his account and allow him access to his money. He wants compensation for the amount of time things took and the impact this had on him. NatWest blocked Mr G's account for 12 days in total – which given Mr G had no access to any other money is a long time. I've also kept in mind that the funds in Mr G's account were made up of money he was entitled to from the DWP. But ultimately Mr G made the payment to his builder, for a reduced price having had no VAT added. Having considered this along with the content of NatWest's review, which includes the information it has provided to this service in confidence, I don't find awarding Mr G compensation would be fair or appropriate.

I understand Mr G would naturally want to know the information I have weighted in order to reach this finding. But as I've set out already, I am treating this information in confidence, which is a power afforded to me under the Dispute Resolution Rules (DISP), which form part of the Financial Conduct Authority's regulatory handbook.

Accordingly, I have accepted information in confidence which I am not disclosing to Mr G. And the description of that information is that it's of a nature which justifies NatWest's review, and which has led me to decide that awarding Mr G compensation would not be a fair or appropriate outcome for any of the matters he has brought as part of this complaint.

So, I'm not requiring NatWest to compensate Mr G for any inconvenience or financial loss that he as may have experienced as a result of the time taken by NatWest carrying out its review, and the further dissatisfaction he experienced which ultimately flowed from not having access to the funds in his account, including his unhappiness with NatWest's communication and the information it didn't provide him.

In summary, I don't doubt it was a frustrating and worrying time for Mr G. I'm also sorry to see that Mr G's health was impacted by NatWest actions. So, I realise Mr G will be disappointed by my decision. But I won't be asking NatWest to do anything further to resolve Mr G's complaint.

NatWest accepted my provisional decision. Mr G disagreed with what I said. In summary he said:

- He and his father had attended a NatWest branch on 6 December 2022 to meet with staff about the block on his account. During the meeting staff told them that they were conducting a fraud investigation. And that it was bank policy to investigate large DWP back payments for fraud against DWP.

- Staff told them that this was not included in the terms and conditions.
- NatWest misrepresented what he had said about avoiding VAT. There was never an agreement between him and the electrician to avoid paying VAT.
- The reason he wanted cash to pay the electrician was because of his anxiety he didn't want builders at his house for a long period.
- NatWest has no jurisdiction to conduct a fraud investigation against another organisation.
- NatWest reached the Equality Act and took too long to complete its review.

Now both sides have had an opportunity to comment I can go ahead and issue my final 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.

I'm sorry that Mr G was disappointed by my provisional decision. And I thank him for his submissions which I've considered carefully, including the statement from his father.

Firstly, I know Mr G wants me to provide more detail and an explanation for why NatWest blocked his account. But as I've already explained I have received this information in confidence, so I won't be sharing anymore information with him – as much as he'd like me to do so.

Mr G has submitted that NatWest told him and his father that it was investigating him for benefit fraud. Mr G says this is outside the terms and conditions and that NatWest has no right to conduct a fraud investigation against another organisation – in other words the bank overstepped the mark.

I wasn't in the branch on 6 December 2022 when Mr G and his dad went along to discuss the block to his account and his entitlement to the DWP back payment. So, I can't be sure what was discussed but I have no reason to doubt Mr G's version of events. But that doesn't mean NatWest did anything wrong and I disagree that NatWest didn't have any right to look into Mr G's entitlement to the back payment he received from DWP.

I say this because as a regulated business, NatWest has legal and regulatory obligations to which it must adhere. They can broadly be summarised as a responsibility to protect persons from financial harm, and to prevent and detect financial crime. The payment Mr G received from DWP was large and out of character to the usual activity on Mr G's account. So, I don't think it's unreasonable that NatWest asked Mr G about his entitlement to the money he received from DWP. And told him that it was checking whether any fraud had occurred.

The terms and conditions of Mr G's account also make provision for this. Under Section 5.3 Limiting the use of your account or your services they state that:

"we may suspend or restrict the use of your accounts, or certain services (such as your debit card or online banking) if: we reasonably suspect that your account or any other account you hold with us (or another member of NatWest Group) has been, is being or is likely to be used

for an illegal purpose; we reasonably suspect you're involved in fraud or other serious criminal activity; or we reasonably suspect that by not taking these steps we might breach a law or regulation with which we must comply. We'll explain why we've taken any of these steps, unless we're unable to contact you or there's a legal or security reason which means we can't provide an explanation."

Taking all the above into consideration I'm satisfied that NatWest didn't do anything wrong, when it blocked Mr G's account and asked him about the DWP payment he'd received.

Mr G says NatWest has misrepresented what he told them about VAT. Again, I wasn't there when the conversation took place between Mr G and staff – but based on the evidence I've seen which includes statements from branch staff I think it is more likely than not that Mr G did mention not having to pay VAT – of course I accept this could have been a throw away comment made by Mr G. But NatWest are not required to prove beyond reasonable doubt that Mr H is guilty of a fraud or financial crime, but they must show that there are grounds for more than mere suspicion or concern. And based on the evidence, I'm satisfied that Mr G's comments about why he wanted to withdraw cash from his account was enough to cause NatWest concern.

I've considered Mr G's further comments about the Equality Act, but these don't change my conclusions.

In summary, I see no reason to depart from my provisional findings. I remain of the view that this complaint should not be upheld for the reasons set out in my provisional decision, which are repeated above and form part of this decision.

My final decision

For the reasons I've explained, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 8 January 2025.

Sharon Kerrison
Ombudsman