

The complaint

Mr R complains National Westminster Bank Plc (NatWest) blocked a transfer to an account he held with a third party. He further complains about the process and questions NatWest asked him during the subsequent telephone call to release this transaction.

What happened

Mr R said in October 2024 he instructed NatWest to transfer funds to an account he held with a third party bank from his current account with NatWest. Mr R explained the transfer did not go through and NatWest called him *'immediately'*. Mr R said he expected a simple identity check, but the call took longer. He complains NatWest asked personal and private questions and thought the questions were focused on testing his cognitive facilities to determine whether he was under *'some kind of influence'*.

Mr R said NatWest told him if he did not answer the questions his funds would not be released. Mr R has explained he is under hospital care and the length and nature of the call effected his health and that NatWest did not consider this when it spoke with him. Mr R has expressed various issues with the individual questions asked and asked a series of questions in his complaint about the reasons for and necessity of these questions. He also complained the questions were discriminatory.

NatWest wrote a final response letter in mid-November. It explained the transfer was stopped as NatWest was concerned Mr R may have been the victim of a scam. NatWest explained about its risk scores and referred to its terms and conditions which state it can delay or refuse to act on instructions if it reasonably suspects the instruction may be related to a fraud or a scam.

With regards to the questions it asked Mr R, NatWest said it appreciated Mr R's comments, but explained the questions are designed to assist customers and prevent fraud. NatWest said it didn't think it had done anything wrong, but paid Mr R £100 compensation. It also highlighted extra assistance it can offer Mr R to support him better.

NatWest provided our service with a copy of the call, which I have listened to. It is just over 20 minutes long. Broadly speaking, NatWest briefly explained why the transfer had been stopped in reasonable detail, then asked questions related to personal information NatWest held about Mr R, details related to the transaction, reasons for the transaction and whether Mr R had been influenced to make the transaction. Finally, NatWest read a statement out regarding scams and its liability.

Mr R expresses concern and frustration throughout the call, asking why certain information was needed. He explained he had already passed biometrics on his mobile telephone to make the transaction, and he regularly did similar types of transactions at this time of the year. He made one reference to his *'health problems'* but did not elaborate or explain these in any detail over and above this one comment.

The call ended with the adviser confirming the funds would be released and should show in the receiving bank account within two hours.

Our investigator didn't think NatWest needed to do anymore, explaining it was entitled to, and had a duty to, hold up payments to ensure the funds were protected and transfers were

genuine. Our investigator also didn't think the questions were too personal or designed to test Mr R's cognitive functions. They thought the £100 already paid was fair and reasonable.

In response to our investigator's recommendation, Mr R has explained he doesn't agree NatWest has a right to ask personal questions, explaining he was quite prepared to answer questions related to the transfer but not questions which he thought had nothing to do with the transfer.

Mr R also clarified he was not complaining about NatWest checking the transaction, or that it may be necessary to ask further questions, he was concerned NatWest were not mindful of his health which was worsened by this interaction, explaining NatWest did not ask whether he could take the call. Mr R also reiterated he was complaining about the personal questions asked and that he thought certain questions were designed to test his cognitive ability. Mr R also explained the pressure and fear he felt under during these questions, calling it a '*clear abuse of authority*'.

As Mr R rejected our investigator's recommendation, his complaint has been passed to me to make a 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 appreciate how strongly Mr R feels about his complaint. Although I may not mention every point raised, I have considered everything but limited my findings to the areas which impact the outcome of the case. No discourtesy is intended by this, it just reflects the informal nature of our service.

The starting position in law is a bank is expected to process payments and withdrawals a customer authorises it to make, in accordance with the terms and conditions of the customer's account. I have taken this into account when deciding what is fair and reasonable in this case.

However, there are also legal obligations on banks to detect and prevent certain transactions, I consider NatWest should fairly and reasonably:

- have been monitoring accounts and any payments made or received to counter various risks, including anti-money laundering, countering the financing of terrorism, and preventing fraud and scams,
- have systems in place to look out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (among other things). This is particularly so given the increase in sophisticated fraud and scams in recent years, which banks are generally more familiar with than the average customer,
- in some circumstances, irrespective of the payment channel used, take additional steps, or checks, before processing a payment, or in some cases declined to make a payment altogether, to help protect customers from the possibility of financial harm from fraud.

Banks have to strike a difficult balance between how to detect unusual activity on an account and to also not interfere with the vast majority of perfectly normal transactions which are not fraudulent or related to scams.

Having considered the circumstances, I can see there were significant funds moving in and out of Mr R's account during this period, so, taking the above into consideration, I don't think it is unreasonable or unfair of NatWest to take some action to establish if any of the above is relevant. I accept Mr R has since clarified this is not the driver of his complaint, but it is important for me to make a finding on this point first before moving on.

Firstly, it may help if I explain the position regarding fraud and scams and the liability for banks. I understand Mr R has made comments regarding the bank not being liable if he was the victim of a scam or fraud, however, I would advise this is not the case. Banks can and often are held responsible for losses where fraud and scams occur. It is therefore important they do checks, as described above, to protect both their interest as well as their customers.

Whilst I understand Mr R considers some of the questions as private and intrusive, I do not think it is unreasonable for banks to ask questions which a fraudster may find difficult to answer. Such questions would understandably have a *'personal'* element to them, as they would likely be about details only the customer and the bank would know. Asking questions solely about the transaction and nothing wider, if undertaken by a fraudster or as part of a scam, may not be intrusive enough to explore possible influence or intent. Such questions may also be easily answered by a fraudster or anticipated in a sophisticated scam situation.

That said, I can understand and do empathise to some extent why Mr R must have been frustrated after higher sums had been transferred before this transaction and had not been subject to any checks, and therefore why he would criticise the process. I appreciate Mr R has asked questions about the design of the process or *'algorithm'* and questions asked and reasons for them, and what the purpose of them was.

In response to these questions, I am afraid I am somewhat limited in the comments I can make over and above what I have said above, I will explain why. Every financial institution has its own appetite for risk and develops processes to reflect those risks which are often bespoke to them. For this reason, the details of the process it develops to protect customers are both commercially sensitive and also security sensitive. I therefore think it is reasonable for business not to answer specific questions about their approach or about the security measures or triggers they have in place. For obvious reason, such information and detail could assist fraudsters to circumvent procedures in the future.

I accept this is unlikely to be the answer Mr R was hoping for, but I have carefully considered the call regarding these checks in detail. I can assure Mr R the questions NatWest asked him were not unusual and I have heard them asked of other customers before.

Moving on to his concerns about discrimination, The Equality Act 2010 says service providers shouldn't treat an individual less favourably because of a matter arising from their disability. And they should – where appropriate – make reasonable adjustments to allow individuals to access the service being provided without disadvantage. I've taken The Equality Act 2010 into account when making my final decision on this complaint, as it is relevant law, but my role is to decide what is reasonable and fair. Only a court can decide whether the Equality Act has been breached.

For these reasons I gave above I am satisfied NatWest has followed its usual process, and I do not think, on balance, there is evidence Mr R was individually discriminated against as the questions asked appear to be fair and reasonable. I do not think the questions were unusual or targeting specific characteristics and I am satisfied they were suitable questions for the purposes of detecting a scam or fraud given all the circumstances.

The second issue under this consideration, is whether NatWest recognised Mr R's vulnerabilities and made reasonable adjustments. Mr R made only one brief reference to *'health problems'* but did not elaborate on this in any detail during the call or explain any issues or considerations the adviser should make in the circumstances.

Furthermore, I can see NatWest wrote to Mr R in October 2022 offering a Customer Protection Manager and Banking My Way services to assist. NatWest also offered the Banking My Way service to Mr R in a letter written in November 2023 and in its recent final response letter.

I appreciate Mr R has expressed concern about how NatWest chooses to implement its scam and fraud detection questions. To be clear, how businesses choose to operate and the

systems and processes they have in place is not something we consider as part of a complaint, these are matters for the regulator, the Financial Conduct Authority (FCA). It is also not the role of the Financial Ombudsman Service to fine financial companies, this is the role of the FCA.

I therefore do not uphold this complaint, but trust I have explained in sufficient detail the reasons for my decision.

My final decision

For the reasons I have given, my final decision is I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 21 February 2025.

Gareth Jones
Ombudsman