

The complaint

Miss R complains that the Royal Bank of Scotland Plc (RBS) unreasonably blocked a payment she tried to make, and about the service from RBS's fraud agent that she spoke to.

What happened

Miss R wanted to urgently transfer £10,000 to her friend abroad. She said RBS requested numerous pieces of information and once provided, new demands were made.

Miss R told RBS's agent she wanted to send this and a further payment. She described her friend's issues but had no documentary evidence. Miss R said she had met her friend on the internet years ago, and although they have not visited in a year, they speak on messenger. The agent felt this was a high-risk payment and didn't feel comfortable sending the funds and RBS restricted Miss R's account as a fraud prevention measure on 11 October 2024.

Miss R said RBS accused her friend of using actors in a zoom call and false documentation. Eventually she said she used an international money transfer service which completed the transaction without delay. Miss R found RBS's claims about her long-standing friend to be slanderous and thought that racism may be behind the issue. She complained to RBS.

RBS didn't uphold Miss R's complaint. It said it's committed to protecting customers from fraud and will restrict use of an account if it thinks there is a risk, as signposted in its terms and conditions. RBS apologised to Miss R for her inconvenience, but said it must follow protection measures, and there had been no error with the restriction applied to her account.

In respect of Miss R's call with RBS's fraud agent on 11 October 2024, RBS said its agent was polite and professional, asked the correct questions and gave her the correct advice. It said its agent said the funds would be returned to Miss R and the restrictions removed.

Miss R wasn't satisfied with this response and referred her complaint to our service.

Our investigator didn't recommend the complaint be upheld. He said the accounts terms and conditions permit RBS to restrict the use of payment services. And RBS's fraud agent asked questions which they have to ask to fulfil their regulatory obligations. Having done so, RBS decided not to make the payment as it was deemed high risk.

The investigator said he understood Miss R's frustration in telling the agent this was a legitimate transaction, but scammers use complex methods and so RBS need to ask further questions to avoid a scam. He said and doesn't have to disclose what triggers a review of an account and RBS acted fairly and reasonably here.

Miss R disagreed and requested an ombudsman review her complaint. She said it's incredible a bank can block a payment, not for any legal reason or because it would be liable if it was a scam, but because it thinks it knows better than the person sending the money.

Miss R said it feels as though customers are being treated as irresponsible toddlers. And even though scams are complex and very prevalent, if a customer is made aware of the risk,

insists on spending their money; explains that the recipient is a very close friend and there is no liability on the bank, the bank can flatly refuse the transaction without any explanation.

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 was sorry to learn about Miss R's friend's situation that led to the requested payment and the distress that Miss R felt as a consequence of RBS's refusal to make the payment.

Part of my role is to determine whether what took place was reasonable and whether RBS followed the process correctly. In assessing this, I've taken into account the relevant rules and guidelines along with good industry practice. I've looked carefully at the issues Miss R has raised and the call between her and RBS.

Miss R said that she does not like, as a responsible adult, to be told without explanation that she can't spend her own money as she sees fit. In this respect she is not alone, and I can understand why she would like RBS to explain the exact reason it blocked and rejected her payment.

Banks are subject to regulatory requirements that require them to prevent fraud on their systems and require them to protect their customers from fraud. RBS has explained that where a transaction is deemed to be high risk, it can be declined. I can see that the actions RBS took on Miss R's payment are provided for within its terms and conditions.

The Payment Systems Regulator introduced new protections for customers from 7 October 2024. Banks now have more power to delay and examine payments and can be liable for the loss sustained by a customer through fraud even where the customer has authorised the transaction. This means that banks are protecting customers *and* themselves when they take a risk-based approach to transactions.

RBS explained to Miss R that every time a customer makes or receives a payment the transaction receives a risk score. It said that various factors make up the score and these are constantly updated to reflect the latest fraud intelligence. RBS wouldn't say what fraud parameters triggered the alert on Miss R's payment for security reasons.

I think that banks have a difficult balance to strike. They have a responsibility to act on a customer's instructions, but also need to take steps to protect them from financial harm. This means I would expect RBS to stop any transactions if it has concerns that the customer or the bank may be at risk of financial loss.

All regulated banks have processes in place similar to that of RBS to ensure customers and themselves are protected from fraud and scams. They are not required to disclose the details of their anti-fraud measures as this might compromise their controls. I don't know how many times this approach by the banks will have prevented fraudsters from benefitting from customer accounts, but I'm sure that millions of pounds have been diverted from the alarming range of fraudulent enterprises by the type of questions put to Miss R.

I have listened to the recording of Miss R's call with RBS's fraud agent. I didn't hear an insinuation that Miss R was a liar and her friend a fraudster, though RBS refused to make the payment as it was deemed to be high risk by its fraud and scams payment system. I think the agent was polite at all times, but I fully understand how the agent's questions would have felt personal and unwelcome to Miss R as they are by their nature intrusive.

The measures that RBS and other banks take aren't intended to inconvenience or upset customers, though I can see why Miss R felt differently at the time. I think RBS would have acted similarly with any other customer in Miss R's circumstances and I think it treated Miss R fairly and reasonably and in accordance with the terms and conditions of her account. It follows that I can't uphold this complaint.

My final decision

For the reasons I have given it is my final decision that the complaint is not upheld.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss R to accept or reject my decision before 17 March 2025.

Andrew Fraser
Ombudsman