

The complaint

Mr W complains that The Royal Bank of Scotland Plc (RBS) keep cancelling his card and re-issuing a new one, without his consent. He says this is causing him a lot of distress and inconvenience and he wants to know why it keeps happening.

What happened

Mr W has a current account with RBS.

On several occasions in 2024, he was informed by RBS that their fraud detection systems had flagged that Mr W was potentially a victim of fraud. As a result, they cancelled his cards. On some occasions they sent Mr W a text message to ask if he was making specific transactions, to which Mr W always answered yes. But even in those circumstances, his card was cancelled, and he was re-issued with a new one.

Mr W complained to RBS and said that he couldn't understand why his card kept being cancelled, even after he had authorised the transactions. He asked them what was triggering the card cancellation.

RBS responded and explained that the card was being cancelled because their fraud monitoring tools had identified that his card details may have been compromised. They said they couldn't specifically say when or how. But under the terms and conditions of the account they are allowed to restrict or suspend an account if they reasonably suspect that the security details of a debit card have been used fraudulently. They recognised the inconvenience this was causing Mr W and paid him £75, but they were satisfied with the actions they were taking to try and prevent Mr W from being a victim of fraud.

Mr W disagreed and brought his complaint to this service. One of our Investigators investigated the matter and whilst they understood how the fraud detection system worked, they wanted to see evidence of the transactions that were causing the cards to be cancelled. RBS couldn't provide this because they said it was happening in the moment and not something they could now provide. Because RBS couldn't provide evidence of what was triggering the cancellation of the card, our Investigator didn't think the actions RBS were taking were proportionate or fair. They thought this was causing a lot of inconvenience to Mr W and so said RBS should pay an additional £150 compensation.

RBS said they were acting in line with their terms and conditions and re-iterated that there was no further information they could provide to show what was causing the fraud monitoring tool to trigger. They explained that fraud trends change daily, and they must be reactive to these. But to resolve the complaint they agreed to pay Mr W £150.

Mr W remained unhappy. He said he had stopped making oversea transactions and his card hadn't been cancelled, so he thinks it was that which was causing the issues. But he wanted confirmation. He also thought RBS should pay more compensation. Because an agreement couldn't be reached, the complaint has been passed to me to consider.

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.

Having done so, I've reached the same conclusions as the investigator for broadly the same reasons.

The terms and conditions of Mr W's account say:

"5.3 Limiting the use of your account or your services

We may suspend, restrict or stop access to your account or to certain services (such as your card or online banking) if:

- we reasonably believe that your security details or card details haven't been kept safe;*
- we reasonably suspect that your security details or your card have been used fraudulently or without your permission;*
- as a result of a change in the way you use your account or in your financial circumstances, we reasonably believe that you may have difficulty in meeting your commitments;*
- a restriction applies to your account (for example, we're told about a dispute between joint account holders, which means the account can't be used until the dispute is resolved);*
- 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 believe that continuing to provide you with an account, provide you with access to your account or to certain services would mean that we breach a law or regulation that we must comply with;*
- we believe it's appropriate in order to protect your account; or*
- you've broken any term of this agreement in a serious way.*

We'll usually tell you before or immediately after we take any of these steps. We'll also explain why we've done so, unless we're unable to contact you or there's a legal or security reason which means we can't provide an explanation.

5.4 Notifying you of concerns

To reduce the risk of financial crime, we'll monitor any unusual activity on your account. If we suspect or become aware that your account may be subject to fraud or security threats, we'll contact you using the contact details we hold for you."

I'm satisfied from looking at the terms that RBS is entitled to take action if they reasonably suspect a card is being used fraudulently.

I'm aware RBS can't provide specific details about the particular payments or activities that triggered their fraud detection system. But this makes it difficult to decide if the actions

they've taken are fair and proportionate to the issue.

RBS has said that they do not cancel cards lightly. But in some instances, they have gone straight to this step with Mr W, without contacting him to see if he is the individual making the payments. In other instances, they did message Mr W to authenticate the payments and check it was him. But even when he said it was him, they still cancelled the card.

Based on the information available; the steps RBS have taken do not always seem reasonable or proportionate in the circumstances. I note RBS has said they've only taken these steps to protect Mr W. But I consider there to be other, more proportionate steps they could've taken first, such as blocking the payments or card, then contacting Mr W to identify whether the transactions or activity on the account was fraudulent or not. There may well be a legitimate reason for RBS' actions, however I'd need to see evidence to support why the measures they took were necessary. RBS haven't provided this and without knowing the details of the transactions that led to the cancellation, I can't reasonably say that they were applied fairly.

The cancelling and reissuing of cards have caused Mr W a lot of inconvenience. He's told us he is continually having to change his online card details to make payments because of the new card details. RBS has already paid £75 and agreed to pay a further £150 as recommended by our investigator. This brings the total compensation to £225. Having thought about the impact and frustration this has caused Mr W, I consider this to be fair in the circumstances.

I understand Mr W would like charges and fees that have been applied to the account to be refunded. But I don't think it would be fair to ask RBS to do that when these have been applied in accordance with their terms and conditions. These charges are also not directly linked to the issue of the card being cancelled. Therefore, I won't be asking RBS to do this.

I also cannot provide Mr W with the reason this keeps happening to him. RBS hasn't provided those details and so therefore I cannot be sure Mr W will not encounter this problem again. I'm sorry I'm unable to give him those reassurances.

Putting things right

For the reasons I've explained above, RBS should pay Mr W a further £150 compensation, on top of the original £75 they've already paid.

My final decision

I uphold this complaint. The Royal Bank of Scotland Plc should pay £150 to Mr W.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 2 May 2025.

Rachel Killian
Ombudsman