

## The complaint

Mr M complains about the service he received from The Royal Bank of Scotland ("RBS") when it applied restrictions to his account following incoming payments resulting in him not having access to his funds. In particular, Mr M is unhappy that this was done without any explanation or warning and no guarantee it wouldn't happen again.

## What happened

Without any prior notification RBS applied four blocks limiting access to Mr M's account and funds held within as follows:

- On 18 October 2024 for an incoming payment of £6,000. This restriction was lifted on 20 October.
- On 19 December 2024 for an incoming payment of £3,147.90 with the restriction lifted the same day.
- On 7 March 2025 for an incoming payment of £6,000 with the restriction lifted the following day.
- 26 March for an incoming payment of £2,000 with the restriction lifted the same day.

Mr M complained to RBS about this as he says this was done without any explanation or warning and no guarantee it wouldn't happen again. Mr M only found out about the blocks when he noticed his account had disappeared online when logging in on his phone.

RBS didn't uphold Mr M's complaint and say that its fraud system highlighted the transactions and all restrictions were applied in-line with section 5.3 of its terms and conditions. RBS says its fraud team reviewing the inbound payments are an investigation only team and will not attempt to contact the customer to verify the payment unless further information is required. They accepted the October 2024 restriction wasn't reviewed within its one-day time scale and so as a gesture of goodwill credited Mr M's account with £40 in November 2024.

Mr M was dissatisfied with this and so brought his complaint to this service. He says he had to cancel days out, travel and bookings and needed to rely on friends and family as he had just moved and needed the money for urgent repairs. Mr M says on the first occasion he called RBS eight times over that weekend and despite having repeated promises to call him back this didn't happen.

One of our investigators looked into Mr M's concerns and although they appreciated the blocks had been frustrating, they thought there was a balance to be struck between identifying payments that could be potentially fraudulent and then responding appropriately to any concerns and ensuring minimal disruption to legitimate payments. And didn't think in Mr M's case that it was unreasonable for RBS to restrict the account temporarily working within the one-day time frame to carry out its checks.

They agreed that RBS could've provided a better service by calling Mr M back but thought the £40 compensation paid fair for the trouble and upset this caused and didn't think RBS needed to do anything more.

Mr M disagreed. He says people should not be left without access to any money for an unspecified amount of time and that the one working day time scale can and did result in him having no money for three days resulting in him in having to cancel his weekend plans. Mr M says the time scale of the restriction is not specified to the customer who knows absolutely nothing other than that their bank account has disappeared from their app and their phone advising them that their card is suspended.

Mr M has asked for an ombudsman's decision on the matter.

I issued my provisional decision on 22 August 2025. In my provisional decision, I explained why I was proposing to uphold Mr M's complaint. I invited both parties to let me have any further submissions before I reached a final decision and although RBS have accepted my provisional decision, Mr M hasn't and nor has he added any new information.

### **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.

In my provisional decision I said that:

*"Mr M's complaint is regarding the service he received from RBS when it applied restrictions to his account while it carried out a fraud check on incoming payments. In particular, Mr M is unhappy at the failure to provide any warning or communications regarding the restrictions or guarantee it won't happen again.*

*It might be helpful for me to say here that, I don't have the power to tell RBS how it needs to run its business and I can't make RBS change its systems or processes – such as how or when activity on an account is reviewed and restrictions applied for fraud prevention. These are commercial decisions and not something for me to get involved with. Nor can I say what procedures RBS needs to have in place to meet its regulatory obligations. We offer an informal dispute resolution service and we have no regulatory or disciplinary role.*

*That said I don't think it was unreasonable for it to have procedures in place – in this case carrying out a review and checks on incoming payments that trigger RBS's fraud prevention systems. This is allowed under its terms and conditions and as I'm sure Mr M understands this is needed not only to protect businesses against criminal activity, but also their customers.*

*So I don't think it was unreasonable that RBS's system triggered checks on the larger incoming payments that it did and applied restrictions on these funds until the payments could be reviewed. And nor do I don't think RBS's one day timescale for review of the incoming payments is unreasonable.*

*But under 5.4 of RBS's terms and conditions it states that a customer will be notified using their contact details when a restriction is applied. And in Mr M's case this failed to happen. Indeed, when I questioned RBS about this its response was that it did not always advise customers of the restriction.*

*I also asked when the restrictions were applied in Mr M's case whether Mr M still had access to his funds and the balance held in his account (not including the incoming payments) and if*

*not, why not. RBS confirmed that when a restriction is applied that a temporary stop is placed on a debit card blocking further transactions being made such as point of sale and cash withdrawals and it also stops the account from appearing online and telephone banking.*

*While I agree with our investigator that a balance needs to be struck between identifying payments that could be potentially fraudulent, responding appropriately to any concerns and ensuring minimal disruption to legitimate payments – I don't agree this has happened here. I fail to see why funds that had already cleared and were not subject to any checks were restricted from Mr M having access to them. And nor do I understand why he can't view information on his account online.*

*I asked RBS how it could ensure a customer's safety and that customers weren't caught out and stranded without access to their money while the restrictions were in place as in Mr M's situation when he couldn't pay for repairs or petrol and had to borrow money from friends and family and cancel weekend plans.*

*RBS acknowledged that customers can be left without access to their funds but that if that is required it would advise that they can withdraw funds from a branch at the branch's discretion.*

*I don't think this is good enough or treating a customer fairly. RBS gave Mr M no notification of the restrictions before they were applied and so Mr M had no opportunity to make alternative arrangements. And so although I don't think it unreasonable that RBS have fraud prevention measures in place, I don't think it got the balance right here and that there has been a failing on RBS's part in the service received by Mr M.*

*RBS failed to sufficiently notify Mr M about the restrictions or keep him informed about what was happening or manage his expectations around the length of time it would take to conduct its security checks or on occasion call Mr M back. Mr M was left without access to his cleared funds and didn't know when the restrictions would be lifted on the incoming funds that he urgently needed.*

*This resulted in him cancelling plans and having to borrow money from friends and family, causing him embarrassment and so I think some compensation is warranted.*

*I'm mindful of the fact that besides the October payment the balance of Mr M's cleared funds was minimal and on occasion overdrawn, and so it appears there was only one occasion Mr M was deprived of his uncleared funds for more than a day. And fortunately, Mr M had friends and family to support him. But Mr M was inconvenienced and distressed by the situation and so I currently think RBS should compensate Mr M a further £100 (on top of the £40 GOGW payment already received)."*

*As RBS have accepted my provisional decision and Mr M hasn't provided any further evidence or arguments for consideration, I see no reason to depart from the conclusions set out in my provisional decision and it follows that I uphold this complaint.*

### **My final decision**

*My final decision is I uphold Mr M's complaint and direct The Royal Bank of Scotland Plc to pay Mr M £100 compensation.*

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 9 October 2025.

Caroline Davies  
**Ombudsman**