

The complaint

Mr T complains that National Westminster Bank PLC unreasonably blocked an outgoing payment and restricted his account. Mr T says this caused him distress, inconvenience and a financial loss.

What happened

Mr T tried to send funds from his NatWest account to pay off a loan he'd received from a friend. NatWest said it blocked the payment because it had concerns about the account's security and so it had to investigate and carry out verification checks.

On 8 July 2025 NatWest had several phone calls with Mr T to discuss the payment in question. On the final call NatWest told Mr T he'd have to go into a branch with a form of ID to complete the checks. Mr T told NatWest he was out of the country so wouldn't be able to go into a branch.

NatWest sent Mr T a link to complete the further ID checks without needing to go into a branch. Mr T followed the links and completed the checks. NatWest spoke with Mr T and lifted the block the next day on 9 July 2025.

Mr T said NatWest's block was unfair and it had several substantial impacts on him. Mr T was unhappy NatWest had said he failed the security verification process when he felt he didn't fail it. Mr T said he wasn't in a fit state to work due to the impact of NatWest's actions and this resulted in a loss of earnings. Mr T said it cost him over £100 to make phone calls to NatWest about this matter. Mr T said while his account was blocked, he didn't have access to alternative funds, and he had to call in a favour from a colleague to cover some of his costs in the meantime. Mr T also said blocking the payment created a major problem for him and NatWest were rude during a phone call.

Mr T complained to NatWest. In its response NatWest said Mr T didn't pass its identification verification process and so his account was blocked until it was able to verify his identity. NatWest said its agents can apply a block if they have concerns about an account's security. NatWest said it listened to the call in question and didn't think its agent was rude to Mr T.

However, NatWest awarded £100 compensation as a gesture of goodwill to address the disappointment and inconvenience Mr T had experienced due to the block being added. Mr T didn't accept NatWest's response and said the block was unfair and he had passed all the security questions. Mr T reiterated the financial and distressful impacts on him caused by NatWest's actions and NatWest reconsidered his complaint. After which NatWest increased the compensation to £200 in total.

Mr T didn't accept NatWest's outcome. Mr T was also unhappy NatWest had requested evidence of his loss of earnings and phone call costs which he didn't think he should have to provide. And he referred his complaint to our service.

Our investigator didn't recommend the complaint be upheld. She said NatWest wasn't comfortable releasing the payment until further checks were completed. And she felt this

decision was made for legitimate reasons, so she didn't think NatWest had done something wrong.

Mr T disagreed and requested an ombudsman review his complaint. He said he'd already passed the security checks and answered all the questions and verified the payment. He said NatWest applying a block felt like a punishment rather than protection. He said it caused him immense stress trying to solve this crisis while abroad. And he said NatWest's compensation award didn't cover his financial losses.

So, the complaint was passed to an ombudsman for 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.

Having done so, I've reached the same overall conclusion as the investigator. I know Mr T will be disappointed as I can see how strongly he feels about what happened, so I'll explain my findings below. .

I also wish to be clear, although I may not mention every point Mr T has made, I'd like to reassure him I've considered them throughout my investigation. Instead, I've focused on the main points relevant to my outcome.

I was sorry to learn that what might have been a straightforward payment transaction turned into a drawn-out and upsetting experience for Mr T. Part of my role is to determine whether what took place was fair and reasonable and whether NatWest followed the process correctly.

In assessing whether NatWest has acted fairly, I've taken into account the relevant rules and the terms and conditions of his account along with good industry practice. There are general principles that say a bank should conduct its business with due skill, and care and pay regard to the interests of its customers. As a matter of good industry practice, I'd expect NatWest to be monitoring accounts and payments to identify and prevent transactions that could involve fraud or scams.

NatWest said the payment flagged up for several reasons and so it needed to have a conversation with Mr T. Following a number of phone calls with Mr T, NatWest remained concerned. And so, it blocked the account and required Mr T to complete verification checks via another link it sent to him.

Mr T said he'd already passed security checks and previously verified the payment. So, I understand Mr T thinks the decision to block his account was an incorrect use of discretion by NatWest. Mr T says the block caused him significant inconvenience and financial loss.

All financial institutions holding customer funds are required by the regulator, the Financial Conduct Authority, to put in place systems that reduce and interdict transactions that may be carried out for the benefit of fraudsters or scammers. So, where a payment is flagged up, as it was in this complaint, I'd typically expect to see further checks being carried out by NatWest.

I've listened to the call recordings between Mr T and NatWest. During the first phone call NatWest asked Mr T various questions about the payment. Mr T said he'd borrowed around £8,000 from a friend and business partner, in cash, to buy a car. NatWest asked Mr T if he'd purchased the car and the line dropped.

Mr T then spoke with NatWest later that day and continued with the conversation and questions. I think NatWest asked Mr T several straightforward and specific questions during this call. But I think it's fair to say in some of his responses Mr T hesitated and sounded unsure, and I think at least one of his answers was vague. NatWest then asked Mr T if he could provide it with a web address to check the business partnership he had with his friend - and the line dropped again. I understand Mr T has said there were signal issues due to calling from abroad.

Mr T then spoke with NatWest again, for the final time that day. This is when NatWest advised Mr T he would need to go into a branch to complete verification checks. I can understand why Mr T was distressed and frustrated with being advised this given he was out of the country at the time, so he wouldn't be able to get to a branch. Mr T raised this with NatWest on the call, and NatWest said it understands Mr T is out of the country, but he will still have to go into a branch and there's nothing more it could do.

I'm pleased to see NatWest rectified this poor advice and provided Mr T another link to complete the further verification checks online.

Having carefully considered the content of the calls I think NatWest wanted to ask Mr T questions to ensure the payment was genuine and that it was speaking to the right person. I'm satisfied NatWest's intention was to protect Mr T's funds, and I can see it has acted within the terms and conditions of the account. I haven't found an error by NatWest in placing a block on Mr T's account to carry out its checks. And I think NatWest acted reasonably in applying the block and requiring further verification checks be completed.

I don't know how many times this approach by NatWest and the other financial institutions will have prevented fraudsters and scammers from benefitting through customer accounts. But I expect millions of pounds will have been diverted from the alarming range of fraudulent enterprises by the type of security checks applied to Mr T's account.

It's an unfortunate fact that there are a lot of scams and frauds in the banking system – and all banks, including NatWest, must have processes and checks in place to stop them. If they don't, then customers stand to lose money. So, ultimately, I think NatWest are trying to help customers with these checks. And we can't tell NatWest what its checks should be.

I understand this doesn't resolve things for Mr T though. I appreciate for Mr T the block meant he had to borrow funds until the block was removed the next day. This also meant the payment didn't go through until the block was lifted. And Mr T said he was unable to work due to feeling unfit to do so while the payment issue was ongoing. I understand this will have been distressing and inconvenient for Mr T. But as I've explained, I don't think NatWest did something wrong in applying the block until further verification checks were carried out.

This is because I understand NatWest had several concerns that I think were legitimate, including the payment being for a large amount to a recently new recipient. And the account terms allow NatWest to apply the type of block it did where it is concerned a payment may be related to a fraud or scam. I can see NatWest informed Mr T of its concerns and the reasons for its questions during its calls with him.

I move now to compensation. We're all inconvenienced at times in our day-to-day lives – and a certain level of frustration and minor annoyance is unwelcome but to be expected. It's the impact of any errors or unfair actions made over and above that which we consider to decide if an award of compensation is merited, and if so, how much.

Because I'm satisfied NatWest acted reasonably in applying the block while it carried out

further verification checks with Mr T, I can't award a loss of earnings or the cost of the calls Mr T incurred. However, I do think some compensation is warranted in this complaint.

I say that because I think NatWest could have handled the final call on 8 July 2025 more sympathetically and explained things in more detail for Mr T. I appreciate NatWest's position that it couldn't risk providing too much information until it had verified for certain it was dealing with Mr T. And I don't think NatWest was rude during the call, but I do think it could have been more supportive.

I also think when NatWest told Mr T he had failed customer identification checks this caused some unnecessary confusion. I think Mr T rightly said he'd passed all the security checks – at least when confirming his personal details during the calls. From what I've seen and heard Mr T did pass those initial security checks.

My understanding is the continued concerns arose from the discussions with Mr T about the payment. So, I can understand why Mr T was unhappy about being told he'd failed the identification verification process. And I don't think NatWest should have initially advised Mr T he'd need to go into a branch when there were other methods of completing verification checks.

I think Mr T was caused some distress, disappointment and loss of expectation for the reasons discussed above. And overall, I think £200 compensation is fair and reasonable in the circumstances of this complaint and in line with what our service would award.

In conclusion, I consider NatWest's actions are permitted by the policy terms and are a reasonable way in which to reduce the risk of Mr T falling victim to a scam or fraudulent activity on his account.

Our service investigates the merits of complaints on an individual basis. And that is what I've done here. I think it's important to explain that my decision is final. I realise Mr T will be disappointed by this outcome though I hope he appreciates the reasons why it had to be this way.

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 Mr T to accept or reject my decision before 13 February 2026.

Gordon Candlish
Ombudsman