

The complaint

A company I will call 'T' complained that NATIONAL WESTMINSTER BANK PUBLIC LIMITED COMPANY ('NatWest') has repeatedly blocked its account when payment from a particular international client is received.

Mrs R, a director of T, brings the complaint on behalf of the company.

What happened

T initially complained about Natwest freezing its business account on three separate occasions since February 2025 causing cash flow problems. Explaining the circumstances, Mrs R said that although this gets resolved, T loses out due to exchange rate fluctuations. She said payment had been deposited by the same company throughout the last four years so it was unclear why this was now proving so problematic and she wanted Natwest to explain the issue and confirm what could be done to prevent these payments raising an alert to its fraud team.

NatWest looked into what was happening and said that its fraud team had been alerted to review the inbound payments Mrs R had complained about. It said it aimed to investigate and either return or authorise the payments within one working day and that T's account was restricted whilst these checks were ongoing in line with the account terms and conditions. NatWest explained that the fraud team wouldn't attempt to contact T to verify the payment unless further information was required and it didn't send notification when it blocked the account. NatWest said however that while the correct processes were followed in relation to the account restrictions and contact from the fraud team, it would pay £100 compensation in view of any inconvenience caused.

T complained further when NatWest froze its business account again and wouldn't provide details about why this kept happening. There were also concerns about overall poor service. Mrs R said she was given confusing/misinformation about whether or not this was a fraud matter, resulting in her spending more than three hours on the phone. She also said that T received less than the amount she was told over the phone was the value of an inbound payment. And she complained that an inbound payment was held for four days after being told it would be released in 24 hours. She also said it took too long to raise the complaint with NatWest's agent.

NatWest partly upheld the complaint. It said a restriction was placed on T's account as a fraud prevention measure and it couldn't guarantee this wouldn't happen again, but it couldn't give further details of its fraud measures which it kept confidential to protect customers and the bank from potential fraud attacks. It agreed however that some aspects of the service provided to T had been below par and that compensation was due for this. NatWest also said it couldn't identify why there had been a few hundred pounds difference in the amount credited to T's account when the inbound payment was for more (which it said potentially could've been due to exchange rates) but agreed to reimburse the difference. And it couldn't say why there was a delay releasing a payment to T after checks had been completed. So NatWest paid T a further £400, comprising £284.45 to cover the suspected exchange rate loss and the remainder as redress for the service failings identified.

Mrs R didn't feel this was a satisfactory response and so she brought T's complaint to us. Ultimately, our investigator felt that NatWest had done enough to put things right for T and didn't recommend any further action.

Mrs R disagreed with our investigator, mainly saying that it didn't feel fair or reasonable for NatWest to have kept on holding these particular payments into T's business account every month for more than nine months. Mrs R said T lost out in exchange fees and that what happened '*...literally debanks us. We cannot even see or use our business account. Some of these holds have taken a week.*'

So the complaint comes to me 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.

This includes listening to the call recordings provided.

Having thought about everything, I've independently reached the same overall conclusion as our investigator that NatWest's compensation award was fair. I'll explain my reasons.

As I understand things, the crux of this complaint is the continuing issues T has each month when a particular customer sends an international payment which is then flagged by NatWest for further checking and T's account is blocked until the payment is cleared. I can understand why this is so frustrating when the customer has been a client of T for a long time and the payments it sends weren't a problem previously.

But this doesn't mean that NatWest's usual anti-fraud procedures shouldn't apply.

Banks have an obligation to take steps to keep customers' accounts safe and prevent fraudulent transactions. Sometimes this can mean the bank identifies and blocks legitimate transfers and whilst this can cause inconvenience to a customer, sometimes even to the extent of disrupting normal business, it doesn't necessarily mean the bank has acted incorrectly or unfairly.

Our investigator explained that NatWest said when a payment is received, it isn't held up or blocked – it's added to T's account by the sending bank. When NatWest receives notification of the incoming payment, its systems can flag it for review. While the review is being completed a stop is applied to the account, which prevents use of T's debit card and T's account can't be viewed online. Once the review is completed, the stop is lifted, and the account becomes fully accessible again.

Checks undertaken as part of NatWest's fraud process are designed in the interests of NatWest's customers to help keep their money safe and prevent fraudulent activity on their accounts.

NatWest couldn't simply rely on Mrs R approving the payment into T's account herself. It has legal and regulatory obligations and NatWest is required to have processes in place to ensure it takes reasonable steps to keep customers' money safe and these operated here. How businesses choose to operate and their internal processes come under the oversight of the Financial Conduct Authority ('FCA'). So it's not up to me to tell NatWest how it should implement anti-fraud measures.

And I wouldn't reasonably expect NatWest to tell T or us confidential information about the way in which it operates anti-fraud measures or what verification it should accept in order to be able to release payments as this would risk compromising the effectiveness of those processes.

So I'm not upholding this part of T's complaint.

NatWest agreed however with some of T's complaint points – it acknowledged that customer service had been unacceptable in some respects. So I've thought about fair redress in this situation and whether NatWest needs to do more to fairly compensate T, over and above the £500 compensation it awarded.

Just to be clear, I'm looking at the impact on T (as opposed to Mrs R or anyone else) as this complaint concerns T's business account. And I've kept in mind that the account block itself isn't a reason for me to award compensation as I've found that NatWest didn't act unfairly or unreasonably when carrying out fraud checks.

I am satisfied that NatWest's response to T's complaint was fair and reasonable – it took T's complaint seriously and followed-up with appropriate action. NatWest acknowledged that what happened could have had some unintended financial consequences for T potentially due to exchange rate fluctuations – and it reimbursed T accordingly. It also acknowledged that its necessary fraud checks resulted in inconvenience for T as they delayed access to these payments – on at least one occasion for an unreasonable length of time that NatWest couldn't explain. And it's clear that Mrs R was given some misinformation about why payments were repeatedly being held for checking.

Looked at overall, I am satisfied that NatWest has already taken responsibility for addressing shortcomings on its part and done enough to put this right. I think the £500 NatWest paid T to redress the potential exchange rate difference and to reflect the inconvenience caused by its acknowledged poor service was fair given the impact of what happened on T.

I've checked T's bank statement and I can see the compensation was paid into its NatWest account. All in all, I haven't seen or heard enough to make me think it would be fair to require NatWest to do more here. The £500 paid in total is in line with the amount this service would award in similar cases and it is fair compensation for NatWest to pay T in these particular circumstances.

I would just remind Mrs R that, as the investigator mentioned, given that what's happening each month seems linked to payments being sent from a particular customer attempting to pay T's invoice, it could be worthwhile checking that payments are being sent to the correct details for the business.

My final decision

My final decision is that I don't uphold T's complaint as I am satisfied that the compensation NATIONAL WESTMINSTER BANK PUBLIC LIMITED COMPANY has already paid T is fair and reasonable.

Under the rules of the Financial Ombudsman Service, I'm required to ask T to accept or reject my decision before 20 November 2025.

Susan Webb
Ombudsman