

## **The complaint**

T, a limited company, is unhappy with the fact National Westminster Bank Public Limited Company withheld an incoming payment it was due to receive. It's also unhappy with the service provided whilst it was trying to arrange for the payment to be released.

Mr E brings the complaint on behalf of T.

## **What happened**

On 20 February 2025 NatWest withheld an incoming payment T expected to receive of around £17,000 from an overseas client it had carried out work for. NatWest contacted T via email on 21, 24, 25 and 26 February 2025 asking for a call back to discuss this.

Mr E suspected the emails from NatWest were part of a scam so responded to the emails asking for a call back. A call was made by NatWest on 26 February 2025 but due to the question Mr E was asked about T's security information he again suspected the call was a scam and ended it.

When Mr E was able to get through to the department he needed to speak to, it asked him questions about the source of the funds that had been withheld. This included questions about an individual Mr E had said he had no knowledge of and was unable to answer questions about. He believed the questions asked were unreasonable and asked for an alternative way to release the funds. NatWest confirmed there were no alternatives.

Our investigator looked into things. They were satisfied NatWest had acted fairly with regards to the payment but thought it should pay Mr E £100 for the customer service provided. NatWest accepted their findings but T didn't so the complaint has been passed to me to make a 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.

### *Was NatWest acting fairly in restricting the payment*

UK legislation places extensive obligations on regulated financial businesses. Financial institutions must establish the purpose and intended nature of transactions as well as the origin of funds, and there may be penalties if they don't. This applies to both new and existing relationships. These obligations override all other obligations.

NatWest has provided this service with information about why it decided to restrict the payment T was expecting to receive from its client. Our rules allow us to receive evidence in confidence. We may treat evidence from banks and financial businesses as confidential for a number of reasons – for example, if it contains security or commercially sensitive information. Some of the evidence NatWest has provided here is information that we

consider should be kept confidential. This means I haven't been able to share a lot of detail with Mr E, but I'd like to reassure him that I have considered everything carefully.

Having done so, I'm satisfied NatWest has acted fairly in restricting the payment in question. Whilst I accept this situation caused T inconvenience and resulted in it not having access to expected income, NatWest isn't at fault for this.

*Did NatWest act fairly in how it handled the restricted payment*

I understand a large part of T's complaint is that Mr E doesn't believe it handled the restricted payment appropriately which caused T unnecessary inconvenience and I have considered its points carefully, but overall I don't agree NatWest has acted unfairly or unreasonably.

I understand Mr E had concerns about how NatWest tried to contact T about the missing payment and believed the emails he received to be part of a scam. But ultimately NatWest is entitled to decide its processes with regards to contacting its consumers and I don't think email contact was unreasonable. I also think it's reasonable to expect a customer to get in touch when an expected payment hasn't been received. But ultimately, T was able to speak to NatWest about the restricted payment.

I understand Mr E is unhappy with the questions he was asked about the payment as he believes they were unreasonable. But having considered them carefully alongside the other information we've received from NatWest, I'm satisfied they were appropriate in the circumstances.

NatWest can put its own security processes in place according to how it feels it can best meet its obligations and our service wouldn't typically look to interfere with these processes. I accept Mr E didn't know the answers to the questions he was asked, and I understand he's said it wasn't possible to obtain these answers. But it doesn't follow that NatWest should have lowered its security standards by offering him an alternative because of this. As I say, I'm satisfied the questions asked were relevant and reasonable in the circumstances.

While I accept this meant the payment had to be returned to sender, which meant T couldn't access expected payment, NatWest isn't to blame for this. It was entitled to make this decision based on the information it had, and the lack of further information available.

According to NatWest's records Mr E requested the funds were returned on 11 March 2025 and NatWest arranged for the return on 27 March 2025, a little over two weeks later. I've seen that NatWest did keep Mr E somewhat updated about this, but ultimately informed him the return needed to be arranged by another department and it didn't know when this would happen. It's not clear from the information Mr E has provided that this delays caused T any inconvenience, but given it likely needed to liaise with its client about this, I accept it may well have done.

NatWest has provided further information about what action it was taking in the background relating to the return of this payment. And, again, whilst I can't share much about this with T, I don't think it's unreasonable it needed to review things further before returning it. It always would've taken some time for the return to be arranged, and given NatWest isn't to blame for the restriction of the payment and has no control around how T would ultimately receive it, I think the £100 NatWest has agreed to pay is sufficient compensation for this.

Mr E has said he's unhappy with a letter that was sent to T on 31 March 2025 which states its policy prohibits it from facilitating payments 'to' a restricted person which is why the payment had been rejected. As the issue here is that the restricted payment was being received from a restricted person, this letter, Mr E was unhappy with this inaccuracy as it implied T was restricted in some way rather than its client.

I understand Mr E found this letter personally distressing, but NatWest's customer in this case is T, a limited company and not an entity that can feel distress. Mr E was aware the issue was not that T was restricted and the issue was with the payment NatWest withheld. So whilst I accept this letter wasn't accurate, I don't feel I've seen sufficient evidence to support this cause T significant inconvenience or impacted its operations. Mr E, and therefore T, was aware this information wasn't accurate. However, I've taken this error into account when concluding the £100 already offered is reasonable in this case.

#### *Did NatWest instruct T not to work for its client*

Mr E has said NatWest has directly instructed T not to work for the client who sent the restricted payment and feels this left T without any work and Mr E effectively unemployed.

I've listened to all the available calls, and I don't agree NatWest instructed T not to work for a client in any of the calls I've heard where this issue was discussed. It's clear from the conversations Mr E believed that if NatWest considered his client to be a risk (or 'restricted') he is no longer able to work for them. He repeatedly told NatWest that it was making him unemployed and putting him out of work because it's said T's client is restricted and that he doesn't believe he can continue working for someone NatWest considers to be restricted. So it's clear Mr E's feeling about this situation was, and is, that NatWest has prevented him from working with this particular client.

But as I've outlined above, NatWest isn't responsible for any issues with T's client. During the calls I've listened to, NatWest has accurately explained the situation to Mr E. It's also explained that the conclusions it's reached are based on the fact T has been unable to answer its questions about T's client. This is accurate and in line with NatWest's processes.

But as the investigator has explained, ultimately, T is an independent company and NatWest is not providing advice on its business operations. It is up to T to make decision about how it conducts its business operations based on the information available to it. NatWest isn't to blame for any potential restrictions or issues with its customer's clients or how they send payments and it isn't responsible for T's employment status.

T has also complained its complaint wasn't raised as soon as it could've been. NatWest has acknowledged this and apologised. The rules that apply to our service set out (in the Financial Conduct Authority's dispute resolution guidelines – DISP 2.3.1R) that we can only consider a complaint if it relates to an act or omission carried out in relation to certain activities. Complaint handling isn't a regulated activity or an activity set out in the rules. So NatWest raising the complaint too late isn't something our service can consider further.

I can see this situation has been frustrating for T. I can also see he believes this situation has come about due to an error on NatWest's part. But overall, based on the evidence we've received in confidence and which I've considered very carefully, I'm satisfied NatWest hasn't acted unfairly or unreasonably here. I'm sorry I can't share more information about this with T, but I hope this may offer T some reassurance.

### **My final decision**

I uphold this complaint in part and require NatWest to pay the £100 compensation offered if it hasn't paid this already. I don't make any further recommendations in this case. Under the rules of the Financial Ombudsman Service, I'm required to ask T to accept or reject my decision before 24 March 2026.

Faye Brownhill  
**Ombudsman**