

## **The complaint**

Ms Y complains that NATIONAL WESTMINSTER BANK PUBLIC LIMITED COMPANY (“NatWest”) failed to notify her that a transfer of £20,000 had been held for security checks despite receiving a message confirming the payment had been sent resulting in a significant financial loss due to the fluctuation in the exchange rate.

## **What happened**

Late in the evening of 8 April 2025 wanting to take advantage of a favourable exchange rate and an increase in the value of GBP, Ms Y who was abroad at the time set up an online payment of £20,000 from her account with NatWest to another account she held externally where she planned to convert the £20,000 into AU\$. Ms Y received a scam alert in her banking app asking her to check the payment which she did before confirming the payment instructions. Following this the app displayed a message confirming the money had left her account and “Payment complete”.

Following this the funds debited Ms Y’s account and NatWest’s systems flagged the transaction for security checks and applied a hold to the payment.

A few minutes after confirming the payment Ms Y checked the account she’d sent the money to and saw that her money hadn’t been received. Ms Y tried to contact NatWest but as it was outside of business hours NatWest’s phone lines were closed.

Ms Y called NatWest at around 9am the following day to find out the status of her payment and was told it had been held pending a security check. After answering some security questions, the hold was removed, and Ms Y was told she could proceed with the payment.

But due to the hours that had passed and fluctuations in the exchange rate Ms Y saw that if she went ahead with her intended transaction and the conversion of her GBP into AU\$, she would receive hundreds less than what she would’ve received had the initial payment gone through and so decided to cancel the payment.

Ms Y also found that as she’d already reached the cap on her daily transfer allowance, she wasn’t able to make any further transfers until 6.30pm.

Ms Y was unhappy with this and so raised a complaint. Ms Y says following confirmation of her payment being complete she received no message about the payment being held and as the conversion rate changed significantly during the time the payment was held this resulted in a financial loss for her. Ms Y says had she had received a message about the held payment she could’ve made arrangements to make the payment from an external bank account held elsewhere.

NatWest didn’t uphold Ms Y’s complaint and explained that an initial confirmation message is automatically generated when a customer sets up and authorises a new payment but that this doesn’t guarantee that the payment has been released externally and that its fraud prevention systems can still intervene afterwards and conduct additional checks in order to ensure that customers are safeguarded. NatWest say in-line with its terms and conditions

and government regulations payments can be held for different lengths of time and that it can hold a suspicious payment and has up to 72 hours to contact the customer.

Ms Y was dissatisfied with this and so brought her complaint to this service. Ms Y says she understands that every bank has the right to hold payments and the issue isn't that the payment was held following the message stating the payment was complete, but rather that there was no follow up message sent advising her of this and that clearer communication could've prevented the worry and financial impact she experienced.

Ms Y says other banks would contact her by message or phone advising her that money is being held for a security check allowing her to contact them and resolve the issue immediately.

Ms Y is also unhappy that after the money was flagged for a security check, NatWest didn't reverse the £20,000 debit which meant this amount was treated as a payment on that day forcing her to wait to be able to make a further payment due to reaching her daily payment limit.

Ms Y wants NatWest to compensate her £1000 for the money lost on the transaction and the subsequent potential losses, as a result of not being able to carry out any further transactions on that day.

NatWest say when a payment is placed on hold the customer will normally get a message stating the payment is being held for a security check and that in Ms Y's case this wasn't sent as she contacted it before the message was sent out.

One of our investigators looked into Ms Y's concerns but didn't think NatWest had made an error in how it processed Ms Y's payment as NatWest's terms and conditions allowed it to hold payments and it's not this services role to instruct a business around its internal processes or procedures and we are limited to considering whether the business followed its processes fairly and reasonably which they think NatWest did do here.

Furthermore, they explained that fraud prevention rules allow NatWest 72 hours to contact a customer of a hold being applied and that as Ms Y had contacted NatWest herself within this contact window that NatWest had operated within the permitted timeframes, they didn't think NatWest had acted unfairly.

They didn't agree think NatWest had confirmed the transfer had completed in its messaging or that there had been any undue delays and so didn't think NatWest should be responsible for any losses which arose due to the additional security checks on the payment.

Ms Y remained dissatisfied and believes NatWest's messaging was completely misleading and that NatWest's processes around this aren't fit for purpose. Ms Y says just because NatWest followed its own processes doesn't absorb it from its responsibility and duty of care to its customers and has asked for an ombudsman's decision on the matter.

### **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.

I hope that Ms Y won't take it as a discourtesy that I've condensed this complaint in the way that I have but ours is an informal dispute resolution service and so I've concentrated on what I consider to be the crux of the complaint - our rules allow me to do that. And the crux of this complaint is that a payment instruction by Ms Y for £20,000 was held for a security

check, despite receiving a message confirming the payment was complete and that NatWest failed to send a message regarding this resulting in her not being able to take advantage of an investment opportunity and losing out financially.

It might be helpful for me to say here that, I don't have the power to tell NatWest how it needs to run its business and I can't make NatWest change its systems or processes – such as how or when fraud prevention checks are deemed necessary regarding payments going out of an account, the communications regarding this or the processes it follows to do this. These are commercial decisions and not something for me to get involved with. Nor can I say what procedures NatWest 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 systems in place – in this case carrying out automated checks on outgoing payments that meet certain criteria for fraud prevention - to ensure the transactions are legitimate and it meets its regulatory requirements. Indeed, Ms Y accepts and understands this is needed not only to protect businesses against criminal activity, but also their customers.

What Ms Y is unhappy about is the communication around this process. Ms Y says that NatWest's messaging was completely misleading stating that the payment was complete and is unhappy NatWest didn't inform her like other banks do that her money was being held for a security check allowing her to contact them and resolve the issue immediately.

Although I accept Ms Y received a message stating the money had left her account and "Payment complete" I don't agree that this is confirmation the whole payment process is complete, but rather the payment instructions have been received/completed from Ms Y and at this stage there is nothing further for her to do.

Indeed, NatWest has explained that an initial confirmation message is automatically generated when a customer sets up and authorises a new payment but that this doesn't guarantee that the payment has been released externally and that its fraud prevention systems can still intervene afterwards and conduct additional checks. This is in-line with its terms and conditions and government regulations where payments can be held for different lengths of time and that it can hold a suspicious payment and has up to 72 hours to contact the customer.

I think most would understand and accept that while some payments might be instant and reach the recipients bank immediately, not all payments will and other payments might be held up for any number of legitimate reasons. And so I don't think NatWest has made an error or treated Ms Y unfairly here.

I appreciate Ms Y didn't receive a message informing her that the payment had been held for additional checks and she had to wait until NatWest's opening hours to find out what had happened. But NatWest has explained that although it would usually get in contact with the customer when a payment was being held in Ms Y's case she got in touch before the timeframe allowed for this had elapsed.

And even if Ms Y had received a message about the hold, Ms Y would still have had to wait until opening hours to go through NatWest's security checks and so the payment wouldn't have been released any sooner.

Unfortunately, following Ms Y successfully completing security checks and the payment being promptly released, due to fluctuations in the exchange rate the conversion rate of GBP to AU\$ was no longer as favourable and so she no longer wished to go ahead with the transaction and cancelled the payment.

Ms Y believes NatWest is responsible for this and that she should be compensated.

But Ms Y hasn't suffered a financial loss here due to any wrong doing on NatWest's part, but rather she was unable to take advantage of a short term fluctuation in the exchange rate due to her not holding her funds in a place that could be converted instantly and NatWest having processes in place to ensure it meets regulatory requirements regarding fraud prevention - which are ultimately there to protect Ms Y. So I don't think it would be fair to hold NatWest responsible and penalise it for this.

I appreciate Ms Y believes if she'd received a message about the held payment she could've made alternative arrangements. But although it is preferable for a bank to notify the customer sooner rather than later about a held or blocked payments it is not always possible. There will be some scenarios where banks are limited in the information they have initially about the payment and whether the transaction being flagged can go through or whether it requires additional checks from the customer. Or a bank may be legally restricted in the information it can release to the customer about why the payment is being held or as in the case here the transaction was flagged outside of normal business hours.

And even if Ms Y had received a message about the payment it is not possible to say for certain that Ms Y would've been able to complete the transaction by alternative means in the timeframe she wanted to as there are numerous external factors which could affect this and the final conversion rate Ms Y would receive on her funds – such as external banks also flagging transactions and holding payments so they can carry out their own security checks.

Finally, Ms Y is also unhappy that following the hold being placed on the payment NatWest didn't reverse the £20,000 debit which meant this amount was treated as a payment on that day resulting in her not being able to make further payments as she'd reached her daily payment limit.

But again, I don't think NatWest has made an error or treated Ms Y unfairly here. Ms Y had confirmed her payment instructions and NatWest debited her account in line with these. Just because Ms Y changed her mind about the payment doesn't change the fact she'd reached her daily limit. And even if Ms Y was able to make further payments for the same reasons listed above, I still can't say that Ms Y made a financial loss as a direct result of NatWest's wrongdoing.

So although I accept Ms Y having her payment flagged for a security check caused some delays which meant she wasn't able to achieve the outcome she'd hoped, NatWest followed its processes as it was entitled to do and which were in-line with its regulatory obligations, and as the payments were released quickly following this, I don't think NatWest did anything wrong or treated Ms Y unfairly and so I don't uphold this complaint.

**My final decision**

For the reasons I've explained, I've decided not to uphold Ms Y's complaint against NATIONAL WESTMINSTER BANK PUBLIC LIMITED COMPANY.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms Y to accept or reject my decision before 27 February 2026.

Caroline Davies  
**Ombudsman**