

complaint

Mrs A complains that National Westminster Bank Plc (“NatWest”) unfairly suspended her personal account without notice, and threatened to close it, when she fell victim to a cheque fraud. She seeks compensation for the distress caused to her, and for defamation.

background

Mrs A has both business and personal accounts with NatWest. This complaint, and this final decision, relate only to her personal account. Mrs A has complained separately about events on her company account.

Mrs A sold some valuables and payment was made into her company account by means of a cheque. This cheque was returned unpaid, and later found to have been stolen.

Around six weeks later, a second stolen cheque was paid into Mrs A’s company account. When the second cheque was also identified as stolen, NatWest took the decision to freeze Mrs A’s personal account, and wrote to her telling her that it was no longer willing to provide her with banking facilities. It gave her 14 days’ notice of closure of all her accounts.

Mrs A says that this caused extreme disruption to her finances. She also says that NatWest was unclear about exactly which accounts were frozen or being closed, and appeared to be inconsistent in its approach.

Mrs A considers that NatWest treated her like a criminal, even though she was entirely blameless and the second fraudulent cheque was in fact paid into her account as part of the police operation to track the fraudster – who has since been apprehended. She says that it was necessary for her to make a substantial number of calls to NatWest to try to make sense of what had happened on her accounts, and that she was caused extreme stress by what happened. She regards NatWest’s actions as defamatory.

NatWest wrote again to Mrs A, before the notice period had expired, to tell her that its investigation had resulted in the decision to close her accounts being overturned. It also paid Mrs A £100 in recognition of her inconvenience.

An adjudicator investigated the complaint. She noted that two stolen cheques had been credited to Mrs A’s company account within a relatively short space of time and was not persuaded that NatWest knew in advance that the second cheque deposit was intended to assist a police operation. The adjudicator considered that NatWest’s decision to block the accounts and give notice to close was not unreasonable in the circumstances. The block had been lifted 10 days later, when NatWest agreed to keep Mrs A’s accounts open. Overall, the adjudicator did not consider that Mrs A’s claim for compensation should succeed.

Mrs A did not agree and said, in summary:

- She had no idea at all that the first cheque was stolen. The telephone call that she made to ask about the funds will demonstrate that, as will other calls she made later.
- She was treated like a criminal, which caused her unbearable stress. The block on her account caused her card to be declined at the supermarket.

- The stolen cheques were paid into her company account, yet NatWest unfairly involved her personal account which had nothing to do with this.
- There seemed to be no consistency by NatWest – not all her business accounts were affected.
- People she spoke to in her calls to NatWest business support agreed with her.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

I must decide whether or not NatWest's actions were unreasonable in the circumstances. When the first cheque was found to have been stolen, NatWest did not take any action to freeze or close any of Mrs A's accounts. The problem began when a second stolen cheque was also paid into Mrs A's company account, within a relatively short space of time.

Mrs A initially said that she had told NatWest, after the second cheque had already been paid in, that she was working with the police. More recently, she has said that she told NatWest *before* the cheque was deposited. It has not been possible to identify the telephone call in which Mrs A actually provided the information. After careful consideration, I find on balance that NatWest was not made aware of the police involvement until after the stolen cheque had already been paid in and action taken to block Mrs A's account.

Once the full picture was verified, NatWest restored Mrs A's accounts and said that it had overturned its earlier decision to close her accounts. The 10 days during which all this took place will undoubtedly have been very difficult, and I accept that Mrs A will have made many telephone calls to NatWest trying to resolve matters. I have no reason to doubt what she says about NatWest staff having sympathised with her.

Mrs A felt that she was being treated like a criminal, which I can understand will have been upsetting. But I am not persuaded that NatWest's actions were defamatory, as Mrs A claims. Put simply, in England a disparaging statement about an individual that is untrue and is communicated to a third party may constitute defamation. That is not what happened here.

The stolen cheques were paid into Mrs A's company account, but NatWest blocked (and threatened to close) her personal account as well. Given that Mrs A controlled all of the accounts, I do not consider that unfair in the circumstances that applied here. Mrs A had a number of different accounts, covering both business and personal finances, and it appears that there was some doubt about exactly which accounts were affected. That cannot have helped matters, though the fact that NatWest seems to have 'missed' a credit card account and one of her business accounts seems actually to have worked in Mrs A's favour in practical terms.

Overall, I am not persuaded that NatWest's actions in blocking the accounts and issuing notice to close were unreasonable in all the circumstances. I am satisfied, from the account statements, that the accounts were never actually closed. I do not consider that the time NatWest took to restore banking facilities, once it was able to verify the fuller facts, was disproportionate – though I accept that there was some administrative confusion. The £100 that NatWest has already paid to Mrs A appears fair in that respect.

my final decision

Given my findings, my final decision is that I do not uphold Mrs A's claim.

Jane Hingston
ombudsman