

The complaint

Mr O complains National Westminster Bank Plc (“NatWest”) restricted his account in May 2022 and withheld his payment for a property purchase.

Mr O says NatWest’s actions caused him substantial financial loss and he should be compensated for this.

What happened

Mr O instructed NatWest to send around £74,000 by CHAPS to his nominated solicitor’s account on 12 May 2022. Shortly after, NatWest carried out a review, and blocked his account and the payment.

Mr O says he had informed and provided evidence to NatWest upfront of what he was doing. As the payment didn’t reach the solicitor, Mr O was concerned he would breach the contract to buy the property. As it was the final day before completion and he worried he would incur financial penalties. Mr O says he called NatWest but was told they couldn’t discuss what had happened. He adds that he was told he’d get a call back, but this never happened.

As Mr O was concerned about not being able to complete on the purchase, and that he would incur substantive financial penalties and lose his deposit, he took out a loan with another financial business.

On 18 May 2022, NatWest completed its review and removed any restrictions from Mr O’s account. The CHAPS payment subsequently debited the account on 19 May 2022. Mr O says he had to pay the loan company a redemption amount, an amount to draw down the loan, and interest payments per month before it was cleared. He says altogether this cost him over £5,300.

Unhappy with NatWest’s actions, Mr O complained. NatWest did not uphold Mr O’s complaint about the payment being delayed as it was following its security procedures. NatWest also pointed Mr O to the terms and conditions of the account, in that there are circumstances in which it may suspend or restrict the use of his account. It also said it had complied with its regulatory obligations in doing so, and it was not required to give an explanation.

NatWest also apologised that Mr O was incorrectly advised he would receive a call or letter from it about the payment not being made. NatWest offered Mr O £50 because of this, but he didn’t accept.

Mr O referred his complaint to this service. One of our Investigator’s looked into it, and made the following findings:

- NatWest acted in line with its legal and regulatory obligations when it blocked Mr O’s account to carry out checks and it doesn’t need to give an explanation. Nor did it need to give Mr O prior notice of this

- Given the large amount that was being sent, they could see why NatWest needed to carry out checks in line with the terms and conditions of the account
- The review was carried out in a reasonable timeframe, and the offer of £50 for poor service is fair

Mr O didn't agree with what our Investigator said. And said he had provided evidence of the costs he incurred. Mr O also sent in further evidence about the property purchase, and the costs he incurred in taking out the loan.

As Mr O didn't agree, this complaint has been passed to me to decide.

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 decided to not uphold this complaint. I'll explain why.

Banks in the UK, like NatWest, are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. They are also required to carry out ongoing monitoring of an existing business relationship. That sometimes means banks need to restrict, or in some cases go as far as closing, customers' accounts. This also means it may need to review individual payments.

NatWest have explained why it took the actions of reviewing Mr O's account, alongside restricting it, and withholding the payment he was trying to make to a solicitor. Having carefully considered this, I'm satisfied it was acting in line with its obligations. So I don't think NatWest did anything wrong here.

I've also carefully reviewed the terms of the account, and I note there are certain reasons why NatWest may limit the use of the account or delay acting on its customers instructions. Having considered this against NatWest's reasons for doing so, I'm also satisfied it acted in line with the terms of the account. I know Mr O would like an explanation as to why NatWest acted in this way, but I'm not aware of any obligation under which it must.

Mr O says this matter has caused him significant financial loss as he had to take out a loan to cover the money for the property purchase. I don't doubt what Mr O says about this but given I don't think NatWest did anything wrong by blocking the account and payment, I see no basis to make such an award of compensation. For the same reasons, I won't be awarding compensation for any distress and inconvenience this may have caused Mr O.

NatWest accepts it erroneously told Mr O he would receive a call back or letter about the payment being delayed. And for this poor customer service it offered Mr O £50 compensation. I don't think it needs to do anymore.

My final decision

For the reasons above I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 27 December 2023.

Ketan Nagla
Ombudsman