

The complaint

Miss I complains The Royal Bank of Scotland plc (RBS) unfairly blocked her bank account following a switch from another banking provider.

What happened

Miss I says she switched her bank account to RBS in May 2023 and on the 30 May 2023 her bank account was blocked for more than 24 hours by RBS, without any explanation. Miss I says this prevented her from making essential payments and accessing her bank account at that time and RBS didn't fulfil its promise to switch her bank account without any issues. Miss I says RBS's actions will have impacted her credit file and caused her unnecessary worry and inconvenience.

Miss I wants RBS to pay her compensation for the trouble and upset she has experienced.

RBS says Miss I's bank account was blocked as part of its fraud prevention process and in line with its terms and conditions, following the receipt of a large payment into the newly opened bank account on 30 May 2023. RBS says its investigations were completed on 31 May 2023 and the restriction was removed.

RBS says while it cannot guarantee going forward that future checks like this won't take place, it doesn't mean every payment Miss I makes will be subject to such reviews. RBS says it has acted fairly and in line with its process and terms and conditions.

Miss I wasn't happy with RBS's response and referred the matter to this service.

The investigator looked at all the available information but didn't uphold the complaint. The investigator says the switch of the bank account was completed correctly and RBS were entitled to restrict Miss I's bank account under its fraud prevention process and under section 5.3 of its terms and conditions. The investigator says RBS removed Miss I's bank account block the next working day which she felt was reasonable. The Investigator says there was no evidence to suggest Miss I's credit file had been impacted by RBS's actions.

The investigator didn't feel RBS had done anything wrong here.

Miss I didn't agree with the investigator's view and asked for the matter to be referred to an ombudsman 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.

Having done so, I won't be upholding this complaint and I will explain how I have come to my decision.

I can understand it would have been frustrating and upsetting for Miss I to have her bank account blocked so soon after she had switched her bank account to RBS in May 2023.

When looking at this complaint I will consider if RBS acted unreasonably when it placed a block on Miss I's bank account in May 2023.

Both parties are aware of the background to this complaint, so I don't intend to repeat everything that's already been said - that's not to say I haven't considered everything, it's just that I don't need to comment on each individual point here in order to reach a decision on what's fair and reasonable.

The first thing to say is as far as the switch of the bank account to RBS is concerned, from the information I have seen I am satisfied this was completed in a timely manner and Miss I was paid the incentive reward as expected.

Miss I's complaint centres around the fact RBS, shortly after the bank account switch, blocked her bank account following the receipt of a large credit to her account on 30 May 2023 and this resulted in her not being able to make the payments she wished. Miss I says the payment in question was her normal salary and RBS took longer than needed to remove the account block which she believes impacted her credit standing. As a result, Miss I wants RBS to compensate her for the inconvenience and upset this has caused her.

I understand the points Miss I makes here but I'm not fully persuaded by her argument. I say this because while Miss I may not agree, RBS are entitled to place a block on its customers accounts whilst undertaking a review of any transactions it deems potentially suspicious or fraudulent and this is explained under Section 5.3 of its terms and conditions. So, with that in mind I can't say RBS were at fault for doing so here, as this is part of its fraud process and business strategy.

What is important here, is from the information I have seen RBS have shown the block on the account was removed the following day and Miss I was able to make payments from her bank account and so I can't say this was an unreasonable period of time to deal with the matter. I can't see from the bank statements provided, that any of Miss I's payments were returned unpaid or unreasonably delayed as she suggests. Additionally, Miss I wasn't able to provide any evidence to suggest her credit file had been damaged in any way.

In any event, I am satisfied RBS were entitled to place the bank account restriction when it did and it acted reasonably when it removed the block on the bank account the following day, minimising any inconvenience here. It's also worth saying RBS have acknowledged the inconvenience this matter may have caused Miss I and provided a full explanation to her of the course of events in its final response letter. In the circumstances I am satisfied that is sufficient here.

While Miss I will be disappointed with my decision, I won't be asking anymore of RBS.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss I to accept or reject my decision before 31 January 2024.

Barry White
Ombudsman