

The complaint

Mr J and Mrs J complain that The Royal Bank of Scotland Plc blocked their account and led to them being charged an additional fee for the purchase of a house. They'd like the Royal Bank of Scotland Plc to refund them the additional costs.

What happened

Mr J and Mrs J are represented by a solicitor. For ease I'll refer to any communication from Mr J and Mrs J's solicitor as though it was from Mr J and Mrs J themselves.

Mr J and Mrs J had a joint account with the Royal Bank of Scotland (RBS).

On 11 June 2022 Mr J visited an RBS branch where he asked to make a transfer of £612,000 from their joint account to complete on a house. Mr J and Mrs J had already paid a deposit of £68,000.

RBS asked Mr J to provide proof of entitlement for the funds in his account. Mr J didn't have any proof of entitlement at the time, and the transfer couldn't be completed. Mr J claims he provided this on 12 June 2022. RBS disagree and advise Mr J provided bank statements on 14 and 15 June 2022.

On 11 June 2022 Mr J and Mrs J's solicitors received a letter from the seller's solicitors informing them they'd failed to complete on the property. And if the purchase wasn't completed within 10 working days they'd forfeit their deposit of £68,000.

Mr J advises that after providing proof of entitlement he repeatedly contacted RBS and informed them about the urgency of the payment. And the need for the funds to be released.

Mr J and Mrs J's funds were released on 28 June 2022, however they were informed on the same day that the purchase had fallen through. And they would forfeit their deposit. But, the seller then agreed to sell the property for a further £34,000, which Mr J and Mrs J agreed to.

Mr J and Mrs J complained to RBS that the blocking of their funds meant they'd incurred additional costs of £34,000 on the property purchase.

RBS didn't agree, and argued the funds were released after they'd followed their internal processes.

Mr J and Mrs J weren't satisfied so brought their complaint to our service.

One of our investigators picked up Mr J and Mrs J's complaint. They asked Mr J and Mrs J for evidence of the house purchase, the correspondence from the seller's solicitor and the additional charge paid. They asked RBS for further details regarding why the funds were withheld from 11 June 2022 to 28 June 2022.

On receiving RBS's explanation our investigator concluded that they hadn't acted unfairly in restricting the account. He advised they'd met their legal and regulatory obligations in blocking the account – and did so in a reasonable timeframe. He also felt Mr J and Mrs J

could have done more to mitigate the impact of the block.

Mr J and Mrs J didn't agree. In summary they said:

- The majority of the funds were held in their account prior to completion
- RBS was fully aware that it was a priority payment
- It's unclear why RBS couldn't complete their checks in 13 days
- Mr J went in almost every day to speak to RBS about the funds

As Mr J and Mrs J didn't agree it's 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.

I'm very aware that I've summarised the events in this complaint in far less detail than the parties and I've done so using my own words. No discourtesy is intended by me in taking this approach. Instead, I've focussed on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts. If there's something I've not mentioned, it isn't because I've ignored it. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome. I do stress however that I've considered everything that Mr J, Mrs J and RBS have said before reaching my decision.

I would add too that our rules allow us to receive evidence in confidence. We may treat evidence from banks as confidential for a number of reasons – for example, if it contains security information, or commercially sensitive information. Some of the information RBS has provided is information that we considered should be kept confidential.

RBS are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. They're also required to carry out ongoing monitoring of new and existing relationships. That sometimes means they need to restrict customers' accounts – either in full or partially while they carry out their review. Having looked at what's happened I appreciate why Mr J and Mrs J may have found this inconvenient, but RBS must ensure they keep their due diligence checks updated at all times.

As part of their review, RBS asked Mr J and Mrs J for information about the money in their account and where it came from – which they're entitled to do under their obligations. Having reviewed everything, I do think RBS's requests were reasonable in the circumstances.

I've moved on to consider the length of the review. Mr J and Mrs J are unhappy the review took longer than 13 days, and argue in taking so long RBS caused them to almost lose their deposit, and have to pay an additional fee of £34,000 to still purchase the house. I realise this will disappoint Mr J and Mrs J but I can't say the length of time RBS took to carry out the review, and ultimately release Mr J and Mrs J's funds, was unfair. I appreciate that there's a disagreement about when Mr J provided bank statements showing where the funds in their account came from. However, whether this was 12 June 2022 or 15 June 2022 I can't say the time period was unreasonably long – or I'd have expected the funds to be released within ten working days of the original completion date.

For the reasons I've outlined above I can't say that RBS acted unfairly in restricting Mr J and

Mrs J's funds. It follows I won't be asking them to do anything further.

My final decision

My final decision is I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J and Mrs J to accept or reject my decision before 25 December 2023.

Jeff Burch
Ombudsman