

The complaint

Mrs K complains that after giving notice to National Westminster Bank Plc (“NatWest”) that she wanted to withdraw £14,064 to pay her builder it wouldn’t release the funds without undertaking safeguarding checks such as contacting the police which she believes was unnecessary and heavy handed. Mrs K says this has resulted in losing a discount with her builder by not paying in cash and losing out on interest needlessly. She is also unhappy at the damage the police visit has caused to her reputation and the loss of trust from her builder.

What happened

After extensive research Mrs K employed a builder to renovate a bungalow she inherited. The work started in January 2023. In February Mrs K called NatWest and informed it of the building work and requested around £12,000 to pay her builders. Mrs K answered all NatWest’s safeguarding questions satisfactorily and was given the money requested when she visited a branch of NatWest.

The same procedure was followed in March when Mrs K once again called up to request a withdrawal of around £14,000 to pay her builder. This time when Mrs K went into collect the cash on 22 March the NatWest staff member had concerns and refused to release the funds as they were thought she may be the victim of a scam or fraud. NatWest say this was because the building works were taking place at an address not registered on its system for Mrs K and besides a copy of a contract for work amounting to £270,000 Mrs K had little other proof of the building works and the staff member wasn’t persuaded the amount Mrs K was quoted for the building work was correct.

Mrs K was asked to enter into a separate room and informed that safeguarding measures had been put in place and the police banking protocol invoked and that the police would be visiting her home to investigate the building work being completed. Mrs K says she had all the relevant documentation on her phone – including building plans but that the staff member wasn’t interested in reviewing them.

NatWest say Mrs K was given the option to make the payment by bank transfer and that she was given the option to withdraw £300 in cash but that Mrs K declined. Mrs K said she wanted to pay in cash as the discount offered by the builder wasn’t available if she paid by cash transfer.

The police visited Mrs K’s bungalow on 23 March and confirmed they were satisfied that the building works were priced appropriately but NatWest failed to advise Mrs K about this. Mrs K says she only found this out two days later when accessing her account on NatWest’s app. She says she had transferred money to her NatWest account from an account held with a third party to make this cash withdrawal and lost interest as a result.

A manager from NatWest called Mrs K to discuss her concerns, apologised and paid Mrs K £50 compensation.

Mrs K was dis-satisfied with this, she says if NatWest had reviewed the documentation on her phone it could've avoided the police visit and the delay in the release of the funds. Mrs K says because she couldn't pay her builder in cash they had to pay for materials they needed from their own money which resulted in her having to pay extra. Mrs K wants to be compensated for this and the lost interest that resulted from her transferring money to her NatWest account when she couldn't withdraw it.

One of our investigators looked into Mrs K's concerns and while they sympathised with Mrs K and her frustration at the situation, they thought that NatWest had correctly followed the procedures it had in place for safeguarding its customers in circumstances such as Mrs K's and hadn't treated Mrs K unfairly and as such didn't recommend any compensation for the interest Mrs K had lost out on. They agreed that NatWest did fail to inform Mrs K that she could access her funds after the police visit but thought the £50 paid to Mrs K for this was fair compensation and didn't think NatWest needed to do anything more.

Mrs K disagreed, she says as a result of NatWest's actions her building work has been delayed and the trust has been lost with her builder 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 Mrs K won't take it as a discourtesy that I've condensed her complaint in the way that I have. Ours is an informal dispute resolution service and 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 Mrs K's complaint is that the actions NatWest took when safeguarding her money – in particular, involving the police - were unreasonable and resulted in her having to pay more to her builder and the loss of her reputation and trust.

It might be helpful for me to say here that, as we are not the regulator, I cannot make the bank change its policies or procedures – such as when or how it invokes safeguarding and fraud prevention measures when it has concerns about transactions a customer wishes to make. We offer an informal dispute resolution service and we have no regulatory or disciplinary role.

My role is to look at problems that Mrs K has experienced and see if NatWest has done anything wrong. If it has, I'd seek to put Mrs K back in the position she would've been in if the mistakes hadn't happened. And we may award compensation that we think is fair and reasonable.

So the question I have to ask here is was it reasonable for NatWest to invoke the safeguarding procedures in the circumstances of Mrs K's case and did NatWest do anything wrong in not authorising the release of the funds in cash. And I don't think NatWest actions were unreasonable. As I've already explained above it's not for me to tell NatWest how to run its business, but I would expect NatWest to have policies and processes in place to protect it and its customers against fraud.

And although I accept that NatWest's staff members response to the second cash withdraw request was different to the first – and this was very frustrating to Mrs K as she believed she had done all she needed to do and didn't anticipate that there would be a problem. I think each transaction has to be assessed individually at the time the customer wishes to make it and I don't think it would be fair for NatWest's staff to be restricted in using their discretion to

question transactions they are concerned about on the basis that something similar was approved in the past.

I appreciate the transaction from Mrs K's perspective was completely legitimate, indeed she held all the knowledge and had been invested in the renovation/building works probably long before the work started. But from the staff members perspective all they knew was that Mrs K wanted to withdraw a large amount of cash for building works to a property it didn't have registered for her. I don't think it was unreasonable for them to want to satisfy themselves that the work was legitimate – and ensure that Mrs K wasn't going to be a victim of a scam or fraud. And placing a fraud restriction on the transaction Mrs K wished to make is allowed under the terms and conditions of her account in situations such as these.

I also don't think it unreasonable for them to invoke the police banking protocol as following questioning they still had concerns about the transaction and the documents Mrs K says she had as proof could relate to anything. I wouldn't expect NatWest's staff to be an expert on such things and this is one of the key situations where banking staff would be expected to use the police banking protocol.

And from what I understand Mrs K wasn't stopped from paying her builder – she was given the option to make the payment by transfer or wait until the police check was carried out which from what I understand was done within two days and the restrictions lifted from her account. I appreciate Mrs K wanted to pay in cash – and this isn't uncommon when it comes to things like building works. But to facilitate this type of transaction NatWest needed more time to ensure it was following the correct procedures put down to safeguard its customers. I don't think waiting for two days is an unreasonable amount of time to allow NatWest to do this.

Mrs K says she needlessly transferred funds from another account so she could pay her builder in cash and as a result has lost out on interest. But my understanding was that the funds she used for paying the builder were always going to come from this account held with a third party – so she was always going to withdraw the money from here and lose interest regardless if she paid by cash, or bank transfer. So I don't think Mrs K has suffered any financial loss here. And I don't think NatWest treated Mrs K unfairly or acted unreasonably when it wouldn't release the funds she requested in cash before carrying its safeguarding processes.

But from what I've seen I do think NatWest made an error when it failed to inform Mrs K immediately when it was satisfied of the legitimacy of the transaction she wished to make and lifted the restrictions on her account. She had already been inconvenienced and was very distressed about the matter.

I can see that NatWest has already apologised for this and compensated Mrs K's £50. And overall, I think that is fair as I can't say the outcome would've have been any different if NatWest had informed Mrs K's when her funds were available for release. As I understand by this point she had already paid her builder. So on that basis I'm not going to award any further compensation or ask NatWest to do anything more.

My final decision

For the reasons I've explained, I do not uphold Mrs K's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs K to accept or reject my decision before 21 December 2023.

Caroline Davies
Ombudsman