

## **The complaint**

Mr H is unhappy with what happened to his account after National Westminster Bank Plc (NatWest) blocked a payment.

## **What happened**

The circumstances that led to this complaint are well known to both parties, so I won't repeat them in detail here. But, in summary:

- NatWest's fraud detection systems were triggered when Mr H tried to transfer some money out of his account. The block was lifted after discussions with the bank. But a further block happened when Mr H tried to make a second transfer of the same amount to the same recipient. The second block was lifted after further discussions, and a series of similar payments went through without further incident.
- While the above events were occurring, Mr H's telephone banking facility was deactivated and the only way he was able to reactivate it was by setting up online banking. He had always avoided banking in this way because of the risks he believes it exposes him to. He wants the bank to remove entirely the online banking functionality from his account.
- The bank accepted that it has made some mistakes and credited £100 compensation to Mr H's account by way of an apology. Mr H did not accept this resolution and referred a complaint to this service.

Our Investigator upheld Mr H's complaint in part and asked the bank to pay him a further £200 compensation to recognise any distress and inconvenience caused by its failings. NatWest accepted the Investigator's findings. But Mr H didn't accept and asked for an ombudsman to review his complaint

## **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've also taken into account relevant law, regulatory rules and guidance, relevant codes and good industry practice when making my decision and this includes the provisions of the Consumer Duty. Having done so and while I appreciate this is likely to come as a disappointment to Mr H, I've reached the same outcome as the Investigator, for much the same reasons.

Despite what Mr H has said, it does appear from NatWest's records that the original fraud block was removed after conversations took place between him and the bank, which allayed the bank's concerns about the blocked transaction. But the removal of that block didn't mean that any future payments wouldn't trigger the bank's fraud detection systems and that's what appears to have happened when the next transaction was attempted. I appreciate Mr H was caused some inconvenience as a result of the blocks being applied. But NatWest is obliged

to have systems and controls in place to protect its customers and prevent fraud and I have no overarching concerns relating to the blocks it applied in this particular case.

However, it's not clear to me, from the records the bank has provided, precisely why the situation arose whereby Mr H's telephone banking facility was deactivated and couldn't be reactivated without further action on Mr H's part. NatWest hasn't been able to retrieve, or hasn't provided me with, recordings of all the calls that took place and its contact notes don't provide sufficient detail for me to work out exactly what happened. I don't think we'll be able to get to the bottom of this which is a little frustrating, but that hasn't prevented me from making what I consider to be a fair and reasonable decision.

What concerns me more is, after cancelling Mr H's telephone banking facility, the bank insisted that Mr H must either go into branch or set up online banking in order to reset the facility. The bank has said that telephone banking and online banking are part of a package and you can't be registered for one and not the other, but you can disable the online function if it's not required. That may be so but I also note that the bank's website indicates customers need not have online banking access set up in order to apply for, and make use of, telephone banking. And that seems entirely appropriate to me as not all customers will have the necessary facilities to bank online and some, like Mr H, may simply choose not to operate their accounts in this way. That suggests to me that the bank is able to set up the telephone banking facility without a customer having to set up online banking. I think NatWest should have done whatever it needed to "behind the scenes" to reactivate Mr H's telephone banking without putting him to the trouble of visiting a branch or enabling online banking.

I appreciate Mr H's concern about the risks he perceives to have been exposed to as a result of having set up online banking and that a fraudster may be able, at any time, to set this facility up again. But I'm not persuaded there is any greater a risk now, than there was before Mr H activated the online banking facility, that a fraudster might be able to gain enough of his personal and banking details in order to activate online banking and get access to his account. And while it's still possible for Mr H to opt into online banking at any time in the future, for now that functionality is not currently enabled on his account. So, despite what Mr H says, I think he has control over the way he operates his account. And I don't think I can fairly require NatWest to completely remove that potential functionality. A customer may change their mind, over time, about how they wish to operate their account. And I'm not convinced the bank's systems would even allow for a total, indefinite block to be applied to this functionality.

In all the circumstances, I'm satisfied that £200 compensation fairly compensates Mr H for the distress and inconvenience he was caused as a result of the bank's mistakes.

### **My final decision**

My final decision is that I uphold this complaint and instruct National Westminster Bank Plc to pay a further £200 to Mr H.

National Westminster Bank Plc must pay the compensation within 28 days of the date on which we tell it that Mr H accepts my final decision.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 26 July 2024.

Ruth Hersey  
**Ombudsman**