

The complaint

Mr B complains that National Westminster Bank Plc (NatWest) unnecessarily declined a debit card payment he attempted. As a result, Mr B suffered inconvenience, stress and embarrassment.

What happened

In June 2024, Mr B attempted a debit card purchase at a retailer to pay for two items. Despite moving funds into the bank account in readiness, the transaction was declined by NatWest who sent Mr B an SMS (Short Message Service) asking if the payment was being made by him. Mr B quickly responded by SMS to confirm it was, and attempted the payment again but this was also declined.

Mr B contacted NatWest from the retailer and spent time on the phone trying to resolve the issue but did not get through to the fraud team. Mr B also checked his online banking with NatWest and found his account had been blocked. The fraud team tried to call Mr B back that evening but without success. Mr B then decided to pay for one item using his credit card.

On checking his online banking later, he found his account had been restored so the next day, returned to the retailer to pay for the second item however, this was declined so Mr B contacted NatWest again. They said that what appeared to be a system error meant that the wrong type of restriction had been applied to his account. The restriction that should have been applied was one in which Mr B would have been prompted to telephone NatWest, rather than just respond with an SMS. The restriction was removed but the second purchase had already been made. As a result of what had happened, Mr B raised a complaint with NatWest.

NatWest investigated the complaint and provided a final response letter to the four points that Mr B raised. Firstly, they did not uphold the declining of the payments saying that they have to protect their customers and themselves from potential fraud. Mr B's second point was around the amount of time he spent on the phone with NatWest and they upheld this aspect saying that it was excessive.

Mr B's third point was that he did not receive a phone call by NatWest. NatWest explained they have 48 hours to contact a customer after a restriction is applied. After the first (SMS) restriction was placed, Mr B responded quickly but another (telephone) restriction was placed and the fraud team have 24 hours to contact the customer. As Mr B made contact within that timescale, NatWest said the process was followed correctly so they did not uphold this aspect. Mr B's final point was that the fraud team advised him that they hadn't completed lifting the first restriction correctly, but NatWest said the first restriction was removed when Mr B responded, but a second restriction was placed; therefore, blocks were

removed correctly so no errors were made and they did not uphold this aspect. In conclusion, NatWest credited Mr B's account with £75 compensation by way of an apology.

Mr B was dissatisfied with NatWest's explanation and wrote back to them with further details and impact, and that in terms of compensation, the least he would accept was £750. NatWest responded to say they had reviewed everything and were satisfied that the correct and fair outcome was initially achieved. Remaining unhappy, Mr B added this to his complaint to our service.

Our investigator liaised with NatWest who provided all the required information plus, they increased their compensation offer by £125 to £200. Our investigator contacted Mr B with the offer, explaining why they thought it was fair and whilst Mr B was happy with our investigator's stance on what happened, he was unhappy at the compensation amount, reiterating he thought £750 was reasonable.

Accordingly, Mr B requested an ombudsman 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 have looked carefully at all the information NatWest have provided to see if it has acted within its terms and conditions, followed due process, and to see if it treated Mr B fairly. I was sorry to learn that what should have been a pleasurable, straightforward process to purchase two items has turned into a prolonged complaint for Mr B. Part of my role is to determine whether what took place treated Mr B reasonably, and whether NatWest followed the process correctly.

In terms of the decline of the purchases, NatWest is fully entitled, and are required to have in place, compliant due diligence procedures as they've explained. This is standard practice across the financial services industry, and NatWest's actions were in line with common practices adopted by financial institutions worldwide to protect their customers. I know Mr B raised the point that he'd moved money into his bank account in readiness for the purchases, but this aspect wouldn't negate NatWest's checks they were obliged to perform that day.

Mr B made it clear to our investigator, after they issued their view, that he has no issue with the facts as he set out and went on to highlight the sole issue going forward was the amount of compensation. Mr B cited how distressing this was to him and his partner (whom the purchases were for), and the length of time taken to put matters right which he estimated to be six hours over two days.

On the day of the attempted purchases, NatWest have said that when Mr B was trying to contact the fraud team, they were extremely busy and the wait that Mr B experienced was excessive and they have offered appropriate compensation. However, two aspects I can't ignore is the evidence I've seen that NatWest tried to call Mr B twice that evening but the calls were unanswered, at a time when it was imperative that Mr B spoke with NatWest. The other aspect within my considerations is the fact that Mr B ended three phone calls before he was connected to NatWest's fraud department.

I do appreciate that after responding by SMS with a 'Y', Mr B understandably thought the restriction had been lifted and therefore the purchase could be completed. And I'm glad NatWest have identified a system issue which apparently caused the incorrect restriction to be placed. Whilst I acknowledge the excessive wait times, I do believe that had Mr B not hung up and waited to be answered by the fraud team, the matter would have been resolved much sooner.

I am sympathetic to Mr B's predicament, the impact, and the fact that the purchases were made as part of a significant event, but I have to look at any identifiable errors and within this complaint, on the evidence provided, I can only see the excessive call wait times, and the system error.

Moving on to compensation, it's clear that Mr B feels strongly that a significantly higher amount than that which NatWest have offered is warranted. Looking at this service's compensation guidelines, I do feel this complaint falls into the category of 'up to £300' which mentions a single mistake, requiring a reasonable effort to sort out which typically result in an impact that lasts a few days, and cause either some distress, inconvenience, or disappointment. In view of NatWest's increased offer, their efforts on the day to speak to Mr B, and my considerations regarding how contact could have been made sooner with their fraud team, I regard their offer as fair.

I think NatWest has acted within its terms and conditions and treated Mr B fairly. And so, other than compensation detailed below, I cannot require it to take any further action towards him.

My final decision

For the reasons I have given it is my final decision that the complaint remains upheld and I require National Westminster Bank Plc to pay Mr B an additional £125 in compensation, ensuring a total of £200 is paid.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 2 October 2024.

Chris Blamires
Ombudsman