Ombudsman Decision
CIFO Reference Number: 25-000088 and 25-00097
Complainant: Mr V
Respondent: RBSI trading as NatWest International Limited

The Complainant, who I shall refer to as Mr V, complains that NatWest:-

- Requested client due diligence (CDD) documentation that he had already provided and then notified him that it was closing his account.
- Delays then occurred in the closure of the account which caused him to suffer loss of better interest available elsewhere.
- Failed to handle his complaint appropriately.

Background

In March 2024 NatWest requested CDD from the Complainant which he posted to the branch but then received a further automated request for information. NatWest then requested and obtained further information from Mr V as regards his source of funds. Subsequently NatWest notified Mr V that it was closing his account. Mr V provided closure instructions to NatWest on 10 August 2024 but was unable to pass the verification to enable the transfer of funds to proceed. He therefore commenced daily maximum online transfers from his account until the account was emptied of the majority of funds on 22 November 2024 when NatWest closed the account, leaving a balance of £80.40 that was moved to a reclaims account.

[1] Financial Services Ombudsman (Jersey) Law 2014 Article 16(11) and Financial Services Ombudsman (Bailiwick of Guernsey) Law 2014 Section 16(10)

Mr V raised a first complaint with NatWest on 29 April 2024 and a second complaint on 3 October 2024. He received a final response from the NatWest on 6 December 2024. Mr V claims lost interest and seeks further compensation for his distress and inconvenience relating to the CDD complaint, the delay in being able to transfer his funds and the delay in the handling of his complaints.

NatWest acknowledged that there had been difficulties with its telephone lines that prevented it from completing security verification and closure of the account. It paid Mr V a total sum of £2,615.27 in respect of his complaints, composed of £100 in respect of his CDD complaint, £500 in respect of the complaint about delays in closure of the account and £2,015.27 in lost interest.

Mr V remained unhappy and complained to CIFO.

The adjudicator said that she thought the repeated request for CDD was a relatively minor matter but that a delay of more than three months to complete security verification to enable closure of the account was excessive. She noted that it had only been possible to effect the funds transfer by way of Mr V making daily online transfers up to his daily limit. She recommended that NatWest pay Mr V interest at 8% (£2,010.64) from the date those transfers commenced until the account was closed and further compensation of £750 for the distress and inconvenience suffered, leaving a net payment due by NatWest of £145.37. The £80.40 remaining in the reclaim account would need to be reclaimed by Mr V using the Bank's reclaim process.

Mr V did not accept the adjudicator's recommendation. He submitted:

- *"I agree the repeat request* [for CDD] *is a minor issue but the accompanying threat is not "We are sorry to say this means we cannot offer you any additional banking facilities until your account information is brought up to date and may restrict account features such as Digital Banking Services." Anxiety and distress caused to the customer by the above statement.*

- *The Bank on several occasions failed to follow basic communication standards / protocols resulting in additional checking and querying and inconvenience caused to the customer.*
- *The Bank failed to up-date the records resulting in security failures in closing the account later on.*
- *The elaborate nature of the CDD which did not amount to updating records but re-writing the customers entire life and employment history and all major financial transaction throughout the entire adult life.*
- *Furthermore, the bank having gone through the above exercise and accepting that everything is in order, decided within a month to terminate the account based on other business considerations. This is scant regard for the customer.*
- *On 19/09/2024 telephone security verification was done and cleared for the transfer request to proceed. However, without honouring the agreement and not informing me of their decision, someone in the bank decided additional security verification was required. Nothing was done for more than 10 days and after probing by me got an email on 01/10/2024 from MHRC Team 801016 informing me that, "Due to the scale of the balance to be moved, we have been requested to initiate additional security measures. We apologise for the inconvenience this may cause you." The scale of the balance was known to NatWest all the time and should have initiated a standard procedure, not add ad hoc additional procedures halfway through the transaction.*
- *NatWest's cryptic summary of telephone calls dated 28.11.2024 is incomprehensible and it conceals the truth. Bad telephone connection is the reason for the security failure. The telephone lines were extremely bad resulting is questions being misheard, answers misheard wrong answers given etc.*
- *Joint account holder's name was left in records but should have been removed, causing security failure.*
- *Quote from the bank "*[telephone number] w*hich was added July 2024" This is a WRONG statement. This mobile telephone number has been in use since the year 2011 and the bank was given this through previous KYC's as well as in my profile in the online portal.*
- *NatWest acknowledges that it received my closure instructions on 10th of August 2024. Allowing 10 working days for the instructions to be carried out, the transfer should have been completed by 24th August 2024. Calculations for loss of interest as well as damages starts from this date."*

Mr V provided CIFO with calculations of the difference in interest available to him for the period 24 August to 14 November 2024 at a net daily rate of 2.2%, totalling £2,034.97 and compensation for distress and inconvenience totalling £3,253.77 have been provided.

Findings

I have considered all the available evidence and arguments to decide what is, in my opinion, fair and reasonable in the individual circumstances of this complaint. Where necessary or appropriate, I reach my conclusions on the balance of probabilities; that is, what I consider is most likely to have happened, in light of the evidence that is available and the wider surrounding circumstances.

As regards the complaint about the bank's request for CDD information and the "*threat*" to restrict Mr V's account, I note that banks are required to meet legal and regulatory obligations that require them to protect their accounts from inappropriate use and may require that specific information be provided by customers to satisfy risk management requirements. I accept that a repeat request for information already provided will have been frustrating but requesting further information as regards source of funds is a legitimate part of the bank's obligations. The bank's decision to then close an account is a commercial decision which CIFO cannot intervene or comment upon.

Insofar as the delay in the closure of the account is concerned, I have noted the following key points:

10.8.24 Closure instructions received by NatWest.

5.9.24 Emails were exchanged regarding the arranging of a verification phone call. NatWest advised that the account is with the account closing team, but that the team was behind with its processing, so the process was taking longer than normal.

11.9.24 Mr V emailed that a call can be scheduled any day between 1pm and 4pm GMT. He received an unsolicited call on 9.9.24 but thought the request for personal information was suspicious.

18.9.24 A scheduled call was cancelled by the NatWest employee who emailed saying she had been delayed in returning to the office. The Complainant offered a call that day, but the NatWest employee said she would obtain an update, would email and then arrange a call.

19.9.24 A call took place, but the recording was incomplete. Mr V said there was no further contact.

1.10.24 Following a chaser from Mr V, the Bank responded that a further call was needed to satisfy further security measures and Mr V again offered a call any day between 1pm and 4pm.

3.10.24 When no call back was received, Mr V lodged a complaint.

9.10.23 Mr V commenced online transfers of his balance of £498,904 at the maximum amount permitted of £20,000 per day to his alternative account.

23.10.23 NatWest emailed Mr V saying "*Despite our multiple attempts to verify your identity prior to release of funds, we have not been able to achieve required security measures. We acknowledge that you are currently transferring out your balance on your own via online banking. We believe that this is the best cause of action for you to take, and to facilitate this we will be extending the exit of your account until 22/11/2024.*"

22.11.24 The statements for the account show the final transfer made by Mr V to have been on 14 November and, when accrued interest was added, a balance of £80.40 remained which was moved to a reclaims account on 22 November 2024.

I agree with the adjudicator that a delay of more than 3 months to complete security verification and achieve closure of the account and transfer of the funds is excessive. Whilst I appreciate the need for a verification call, it took a month to communicate this to Mr V, at which time he offered a call any day between 1-4 pm. I do have some sympathy with Mr V's refusal to divulge information during an unarranged call on 9 September which may well have seemed suspicious. Thereafter difficulties were encountered in achieving contact, not least due to NatWest's problems with its telephone system. Transfer was eventually achieved by Mr V himself using multiple online transfers.

CIFO awards compensation for distress and inconvenience according to severity and not as a percentage or daily rate. Considering our general approach to distress and inconvenience as noted on CIFO's website, I conclude that the appropriate amount of compensation for distress and convenience arising from the service issues and delays is £750.

As regards the loss of interest, CIFO usually awards interest calculated from the date the customer should have had the money until the date it was actually paid to them. This additional compensation accounts for the fact that the bank arguably could have, and should have, made the funds available to the Mr V throughout the period from the time the incident occurred to when the compensation is paid CIFO generally applies a rate of 8%.

The bank was entitled to obtain verification before making the transfer. However, in this case, the difficulties in achieving verification and the resultant delays that occurred prior to the online transfers commencing are reflected in the compensation I set out above. I therefore agree with the adjudicator's approach and apply a daily rate of 8% to the decreasing balance for the period 9 October to 22 November 2024. This has been calculated at £2,010.64.

In summary I award Mr V the total sum of £2,760.64, less the sum already paid by NatWest leaving a net balance due of £145.37 and note the balance of £80.40 remains subject to the reclaims process that Mr V may follow.

Final decision

My final decision is I uphold this complaint.

Douglas Melville
Principal Ombudsman and Chief Executive

Date: 30 June 2025