

The complaint

Mr R says Secure Trust Bank Plc ('STB') has provided insufficient customer service and administrative support in relation to his fixed rate bonds.

What happened

Mr R opened a 4 year fixed rate bond with STB in August 2018. At the time the account was opened, Mr R also placed some further funds on deposit.

On 5 December 2019, Mr R applied for a 3 year fixed rate bond. He then submitted a second application for another 3 year fixed rate bond the same day to which STB's automated system sent a chaser email on 12 December 2019 – this was because the second application was not completed.

Mr R first complained by calling STB on 12 December 2019. He told STB that he hadn't been able to access internet banking using different browsers and devices, specifically when trying via smartphone. In addition, he complained that he was made to wait an unreasonable amount of time when telephoning STB that day.

STB acknowledged the complaint in writing the following week.

In the interim, Mr R sent a further letter to STB on 8 January 2020. While he accepted that it had correctly recognised the subject of his complaint, he now needed to register further grounds of complaint. These were:

- since 12 December he had cause to contact STB twice further with issues;
- on 13 December he called about his 3 year bond and was kept waiting another 30 minutes on hold;
- he had to call again on 17 December and was forced to wait another 46 minutes;
- on this third call it was told to him that he hadn't applied for a second 4 year bond as he had been led to believe on the call of 13 December. Instead he had applied for two 3 year bonds, and STB's terms of service prohibited this;
- he was also unhappy that during the calls he was asked the same security question (to unlock his online banking) and he felt the word could therefore be guessed;
- he still couldn't access his accounts by smartphone, yet he was able to make an account application by the same method;
- he also did not understand why the account verification process couldn't be completed by electronic means and had to be done via manual post – particularly when he had held the account in question since 1990.

STB issued a written reply to the complaint on 6 February 2020. In that letter, it apologised for the times Mr R had to wait on the telephone, but explained that on occasion, it experienced high volumes of telephone calls which unfortunately resulted in longer waiting times for its customers. STB said it took Mr R's feedback on board and endeavoured to reduce these times.

In terms of access to his existing accounts, STB explained it had conducted multiple tests on

its online banking service to ensure it is on par with leading online banking facilities on the market. As it was a new facility, for optimum use of the online banking service it recommended that its customers use a computer and Internet Explorer as the browser.

STB upheld the IT aspect of Mr R's complaint. It said the issues Mr R had experienced using his smartphone were currently being reviewed by its Technical Support Team to see how it could enhance its software to improve compatibility with all devices and browsers. STB apologised if this had caused Mr R particular inconvenience.

In respect of the bond applications, it said it was unable to evidence Mr R had been misinformed that he had applied for both 3 and 4 year fixed bonds. Instead its records showed that he applied twice for 3 year bonds (applications ending #548 and #471) and the latter was successfully opened as account ending #333. The first was cancelled as a duplicate application as it was not possible to apply for the same product twice. STB could not confirm why two applications were made but explained that it may have happened if Mr R had refreshed the page or exited the application and started again.

In respect of application #471, STB said it issued Mr R correspondence on 12 December 2019 requesting that he provide it with a copy of his bank statement to verify his nominated bank details on his application. It had also previously requested this information from him for his existing account on 10 December 2019.

In any event, the time frame it took to do this was longer than its usual seven day standard, so it upheld this aspect of the complaint as well, given Mr R had had to contact STB again by then. However, it was unable to agree it acted inappropriately by requesting this information from Mr R again as it did need a copy of his bank statement to verify his nominated account on both his application and his existing account. Once Mr R had supplied the required statement on 16 December 2019, it opened the 3 year fixed bond two days later.

In light of the aspects of the complaint that were upheld, STB offered Mr R £30 compensation. Mr R did not accept the offer.

Mr R was unhappy with the outcome and referred his complaint to this service. He said he wanted both compensation for the inconvenience he had suffered and a payment to represent the loss of interest he had suffered from not being able to take out both bonds.

On 14 February 2020, STB wrote to Mr R again, this time in relation to his further complaints. It said it also understood that Mr R had to chase STB to receive his original bank statement back, that he was unhappy at having to verify his bank details, that he had asked for call recordings but these were not provided, and that he had concerns over the security measures in relation to his chosen memorable word.

STB did not uphold the complaint regarding the security measures. It explained how its advisers cannot see the date on a particular customer's memorable word; however, they will input the characters provided and the system confirms if the details are correct or not. Of course, if a customer calls a number of times then there is the potential of covering all or most of the letters in a word – but even then, the customer would not be guaranteed to encounter the same call handler. STB said its systems were secure, and it did not accept that Mr R's chosen memorable word was in danger of being discovered or used by any unauthorised person.

STB said it had recently enhanced how it carries out verification checks on account details and therefore it was necessary to obtain bank details from Mr R. It had tried to do so electronically but could not match these to the records held by a third party credit reference agency and therefore it required a paper-based statement. STB did note that Mr R had

needed to contact it in late January 2020 as the statement hadn't been received back to him, despite the bond having started.

In relation to the delay in both the statement being returned and for STB to provide Mr R the data protection request he made for the call transcripts, it upheld those parts of the complaint as the service Mr R received was below the standards STB adheres to. It therefore offered Mr R a further £50, in addition to the £30 it had previously offered for the inconvenience and upset he had suffered.

Mr R wrote to STB on 19 February 2020 and explained he had already pursued his complaint with the Financial Ombudsman Service. He also reiterated that STB had failed to return his original bank account statement – instead sending him a copy. He therefore asked for it to be sent back to him.

Our investigator thought that the complaint ought to be upheld in part. In respect of the issues with call waiting times, she didn't think Mr R had been unduly inconvenienced. Similarly, though Mr R had highlighted issues he felt were prevalent with STB's telephone processes, she did not agree that they were insufficient or not secure. She noted Mr R had other means of contacting STB if required.

She also did not believe that STB had been unfair in the way it required verification of Mr R in order to complete his fixed rate bond application. She said that if Mr R wanted to understand the information held about him by a third party credit reference agency, he'd need to contact that agency – and STB was not unreasonable to have told Mr R that.

However, she did believe that STB had made some errors with its customer service and administration. In addition to the issues STB had accepted (that being access by smartphone and Mr R's information request regarding the calls), she also found that Mr R had to chase STB on a number of matters including regarding his verification documents, and the complaint itself as issues continued to arise after the first complaint. Taking everything in the round, she felt STB's offer of £80 for the inconvenience caused ought to be increased to £150.

Finally, the investigator noted that there had been a mix up when Mr R had applied for the bonds. Rather than attempting to hold two 3 year fixed rate bonds (which could not be permitted in accordance with STB's terms), she said that he had tried to apply for another 4 year fixed rate bond alongside the three year one – and this was permissible. She felt this had not been made clear during the calls Mr R placed to STB and that it ought to be put right now.

The investigator therefore proposed that the 4 year bond be opened now, with retrospective interest applied.

STB agreed to pay the proposed increased figure for the upset Mr R had been caused but it did not agree that it could set up a 4 year bond as if it had been applied for in December 2019. It could not recreate that application retrospectively as suggested and its system would not permit that. Its call handler had mistakenly referred to the applications as a 4 year bond and a 3 year bond, but this was incorrect. However, Mr R hadn't actually applied for a 4 year bond in the first place. STB said the £150 compensation proposed was appropriate for that mistake, not the creation of a bond that was never sought in the first place.

Mr R did not make any further comments. The complaint has now been passed to me.

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.

Having reviewed the complaint, I agree with our investigator that this complaint ought to succeed in part.

In summary, the complaint has arisen after two bond applications were received by STB. Those applications were for 3 year fixed rate bonds, not a 3 year bond and a 4 year bond. STB has supplied us with a copy of the terms and conditions relating to its fixed rate bonds and it is correct that a customer cannot apply for the same product twice.

Unfortunately, this was not made clear to Mr R at the time. In fact, STB's correspondence confused matters because its chaser email came through to Mr R on 12 December and that prompted him to call STB.

I recognise that since Mr R made his applications there has been a series of errors which have perpetuated his concerns, and this meant that Mr R continued to be dissatisfied with STB up until the time he lodged the complaint with this service. Mr R said he lost confidence with the manner in which STB dealt with his concerns, primarily because he was kept waiting each time he called but also because of how security was addressed and how the call handler referred to a 4-year fixed rate bond, which led Mr R into thinking that was what he had applied for.

It is for that reason that Mr R says he seeks compensation now for the inability to take out both a 3 year and a 4 year bond at the same time. I haven't seen any terms and conditions relating to that, and Mr R held one such product with STB already. However, at the time Mr R did not apply for a 4 year bond, he applied for two 3 year ones in duplicate.

STB says that the right compensation for this complaint is not to reconstruct a 4 year bond retrospectively and in any event, it cannot process that application because the offer window for the product expired on 16 December 2019.

When a business makes a mistake or an omission, then the right approach for this service is to restore a complainant back to the position he or she would have been in but for the mistake. The mistake here was the call handlers on 13 and 17 December 2019 did not tell Mr R that he could not carry on with applications for two 3 year fixed rate bonds. Instead, it created a misunderstanding that he had sought to open two different bonds and it didn't clarify that application #548 was cancelled in December 2019 until Mr R was sent the complaint outcome in February 2020.

STB cannot set up or create an application for a 4 year fixed rate bond that wasn't made at the time. And I'm mindful that Mr R never made that application in the first place. But, the confusion around the time of the telephone calls meant that he didn't realise or appreciate the extent of the matter until after the offer period for any such application had passed. I therefore believe some compensation is warranted for the upset caused to Mr R as he hasn't been able to seek to apply for the second bond in December 2019 (if this was something he wanted to do) since STB gave him incorrect information about the duplicate applications. In my view, that compensation ought to be £150.

In addition, I agree with our investigator's suggestions for a payment to reflect the inconvenience Mr R suffered is appropriate – specifically with having to chase STB for his bank statement, for the need to place further calls and for the issues STB accepts should be upheld relating to his data access requests and smartphone access to his account. I agree that a further £150 is warranted for this combined inconvenience.

This figure is within the moderate banding of awards we would make of this nature, where a person is inconvenienced by administrative errors. We are not the regulator and these payments are not a punishment. They are intended to provide some compensation within modest banding, based on the upset, trouble, inconvenience or distress caused.

For completeness, I do not believe that compensation for upset, distress or inconvenience is warranted for the call times Mr R experienced. STB has apologised for that and explained how it is seeking to improve its processes in relation to customer wait times. Similarly, as our investigator explained, I do not accept that Mr R ought to be compensated for processes that STB chooses to adopt in relation to verification or security words. It has explained in detail why these are used, and I have not seen any clear evidence that these processes are unsafe, unfair or unreasonable to adopt. As I've said above, this service is not the regulator (that role falls to the Financial Conduct Authority) and we would ordinarily interfere in how a business decides to undertake verification or its internal processes.

Putting things right

In summary, I can see how matters have been unduly prolonged by STB such that Mr R was inconvenienced; STB could have put things right sooner had its call handlers and administrative processes been carried out more carefully and efficiently. For that, I believe a combined £300 payment is appropriate.

My final decision

I uphold this complaint. I direct Secure Trust Bank Plc to pay Mr R £300 in respect of the inconvenience he has suffered following his bond applications in December 2019.

I make no further award.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 16 March 2021.

Jo Storey
Ombudsman