

The complaint

Mr & Mrs D complain on behalf of their daughter Miss D, that Monmouthshire Building Society (MBS) incorrectly rejected a deposit into their daughter's savings account and subsequently closed the account.

What happened

Mr & Mrs D says they transferred a substantial sum from Mrs D's savings account with another bank (Bank A) to a Young Savers account opened in their daughter's name, with MBS. Mr & Mrs D says they received a telephone call a couple of days after sending the payment informing them the funds were being returned to the sending bank, Bank A. In the meantime, Mrs D had closed her savings account with Bank A and there was a delay in her getting her monies back, which took two weeks and she had lost interest on the savings, as a result. Mr & Mrs D also say MBS then wrote to Mrs D informing her they were closing their daughter's account, but no further explanation was given. Mr & Mrs D want MBS to be pay them the interest they have lost during this time.

MBS says the payment received into the Young Savers account was in the name of Mrs D and not her daughter, so they acted correctly returning the monies to Bank A. MBS accept it took longer than usual for the monies to be returned to Mrs D but this in part was due to the fact she had closed her bank account with Bank A and the funds were held in Bank A's suspense account. MBS says they gave two month's notice to close their daughter's Young Savers account, which is in line with their terms and conditions and have done nothing wrong.

Mr & Mrs D were unhappy with MBS's response and referred the matter to this service.

The investigator looked at all the available information but didn't uphold the complaint. He felt MBS acted fairly when returning the payment back to the sending bank as the funds were sent in favour of Mrs D and not her daughter, in whose name the account was opened. The investigator says under the terms and conditions of the account MBS are able to close the account without explanation, provided they gave the correct notice period in writing, and they did here.

Mr & Mrs D weren't happy with the investigator's view and asked for the matter to be referred to an ombudsman for a final decision.

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 done so, I have come to the same outcome as the investigator and I will explain how I have come to my decision.

I can understand it would be frustrating for Mr & Mrs D to have thought they had made

arrangements to open a savings account for their daughter, only to find the payment was rejected and then told by MBS the savings account was to be closed.

When looking at this complaint I will consider if MBS acted reasonably when sending back the payment intended for Mr & Mrs D's daughter's Young Savers account, and if they acted fairly when requesting the closure of that account.

What happened here was Mrs D sent a payment from her savings account with Bank A to an account she had opened for her daughter, Miss D, with her as signatory given her daughter's age. This was a sizeable sum and in the process of transferring these monies Mrs D closed her savings account with Bank A. From what I can see while MBS initially accepted the deposit, on the same day they arranged for the funds to be returned, as the payment was in favour of Mrs D and not her daughter, in whose name the account was opened.

So, when looking at this part of Mr & Mrs D's complaint I can't say that MBS have done anything wrong here as any funds deposited into that account would need to be made payable to Miss D, and it wasn't here. Mr & Mrs D feel that MBS should have accepted the deposit but says they have lost out on interest, given the time it took MBS to return the funds back to Bank A.

From the information provided to this service, MBS use a third-party bank for clearing payments and this may be part of the reason for why it took longer than it might, if for example they were a UK clearing bank, but they're not. Having said that, it's important to say that Mrs D, in the meantime closed her bank account with Bank A. From what I have seen, on balance, I am satisfied this has, in all probability, added to the delays in Mrs D eventually getting her monies returned and I can't hold MBS fully responsible for that. In any event, while Mr & Mrs D may not agree, what is important here is the monies were sent incorrectly to the wrong beneficiary and this is why the payment was rejected in the first place.

Mr & Mrs D are also unhappy that MBS then wrote to Mrs D giving notice they were closing her daughter's Young Savers account. Mr & Mrs D say MBS haven't provided them with a credible reason for this. I can see this would be disappointing for Mr & Mrs D here but building societies like MBS do not have to give an explanation for the closure of an account, provided they give sufficient notice to do so, and they did here.

I say this because under section 12.6 of its General Terms and Conditions for Savings Accounts, it says :

'We can close your account (unless it is a fixed term account) by giving you two months' written notice or if longer, the period of notice required for you to make withdrawals from your account.'

I can see the notice to close their daughter's savings account was sent dated 24 February 2021 and gave the two months' notice required. It follows, I can't say that MBS have done anything wrong here.

While Mr & Mrs D will be disappointed with my decision, I won't be asking anymore of MBS.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss D to accept or reject my decision before 22 July 2021.

Barry White
Ombudsman