

The complaint

A charity, which I'll refer to as R, complains that Bank of Baroda (UK) Limited made a change to its account mandate, which left its trustees without access to the account.

The trustees of R bring the complaint on R's behalf.

What happened

R opened an account with Bank of Baroda in 2014 with seven individuals, including its trustees, listed on the mandate. The operating instructions detailed that for any changes or withdrawals on the account, two trustees were required to sign. Following a request to change the mandate in 2015, Bank of Baroda removed all of the trustees from the account.

In 2018, R's trustees discovered they had been removed from the mandate and no longer had access to the account. The bank explained the trustees were removed by R's authorised representative. It was later discovered that a person of a similar name had signed the mandate change request, so Bank of Baroda hadn't had the correct authority to make these changes to the mandate.

Following lengthy discussions with Bank of Baroda, the correct trustees were added as signatories to the account in May 2019.

The trustees complained to Bank of Baroda seeking compensation for the losses R incurred during the period they didn't have access to the account.

Not content with Bank of Baroda's response, the trustees brought R's complaint to us.

One of our investigators looked into matters. He thought Bank of Baroda had made an error as the trustees had been removed from the mandate without the relevant authority. So he asked Bank of Baroda if they were prepared to offer compensation to R for the inconvenience they had caused.

A representative of Bank of Baroda spoke to a former trustee of R, who raised the complaint originally. He apologised for the error and offered to find a way for the bank to work with R, and he suggested the possibility of Bank of Baroda sponsoring certain charitable events for R.

The trustees of R agreed to speak with Bank of Baroda to try and resolve the matter without any further involvement from our service, but Bank of Baroda did not reply to their email or further emails from our investigator. Therefore, our investigator proceeded to issue his view on the complaint.

He thought Bank of Baroda should pay £500 to R given the effort required to fix the problem, the length of time involved, and the limited support provided by Bank of Baroda. He also explained to R that we don't have the power to ask Bank of Baroda to change their internal processes.

The trustees were unhappy with this outcome and asked for an ombudsman's decision. They've said they do not believe this was an error made by Bank of Baroda but a pre-meditated conspiracy between the then president of R and the manager.

The trustees would like Bank of Baroda to make a goodwill settlement of £10,000 to R and provide them with a written apology. They would also like Bank of Baroda to take internal action to stop a similar incident from occurring in the future.

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've come to a similar conclusion to our investigator and I've explained my reasons below.

It is agreed by all parties that the mandate was changed in 2015, removing the trustees from the account. Bank of Baroda have told us this was an error, but the trustees believe the changes were intentional.

Having reviewed the available information, I can see that the correct form was completed for the changes to the mandate to be implemented. However, the request was not signed in line with the requirements of the original mandate.

I appreciate that the trustees have explained someone involved with the charity may have had a motive for removing their access to the account. However, I haven't seen evidence to suggest that Bank of Baroda was complicit in helping this person to change the mandate. Therefore, on the basis of the evidence I've seen, I don't think this was anything more than an administrative error on Bank of Baroda's behalf. I note also that the name of the person requesting the change and the name of R's president are very similar, so I can see how a mistake like this, although unacceptable, might occur.

Furthermore, I can see that Bank of Baroda provided the trustees with the information they required to amend the mandate once the error was raised with them. If there was a pre-meditated conspiracy to restrict the rightful trustees' access to the account, I would have expected Bank of Baroda to have been less helpful in getting this matter resolved.

As I'm satisfied that this was an error and not intentional, I've considered the consequences of the mistake and how Bank of Baroda dealt with the trustees' request to amend the mandate in 2018.

Bank of Baroda said they wanted to ensure the mandate was completed correctly, so they asked for additional information to ensure there would be no further errors. This included a request for a resolution from R confirming the election of its new trustees and a letter from the outgoing trustees confirming they were happy to be removed from the account.

I can understand Bank of Baroda's reasons for requiring this information as they've told us numerous parties had approached them claiming to be trustees of R over the previous months. So, although this took longer than the trustees might have liked, it was done to ensure the mandate was completed correctly.

However, Bank of Baroda's communication about what they required could have been clearer, and I think Bank of Baroda should have done more to assist the trustees in getting this matter resolved, particularly as they'd caused the error in the first place.

For this reason, I think Bank of Baroda need to make a payment to R to recognise the inconvenience caused both by its original mistake in changing the mandate without the correct authorisation and by its subsequent poor communication to establish the correct mandate.

Putting things right

The trustees of R would like Bank of Baroda to make a payment to R of £10,000 and provide a written apology. They would also like Bank of Baroda to take action to stop similar mistakes in the future.

I understand this figure has arisen from a conversation between Bank of Baroda and a former trustee of R, in which the bank apologised for the error and mentioned the possibility of the bank sponsoring a charitable event for R. Unfortunately, Bank of Baroda didn't reply to further emails from R about this.

Given the exchanges between Bank of Baroda and R on any settlement of compensation between them have ceased, I need to consider what I think is an appropriate amount to recognise the errors that have been made.

The trustees have asked to be compensated for a loss of interest during the period when they didn't have access to the account, and for the financial loss they've said R suffered by not having access to the funds for its day-to-day expenses. The trustees said the amount of interest paid by Bank of Baroda decreased during the period and they would have moved R's money to an account paying a higher rate of interest if they'd had access.

Bank of Baroda have shown that there were not many transactions on this account. The initial lodgement in 2014 was for a one-year fixed deposit that would automatically roll over on an annual basis if no other instruction was given. The trustees knew that this initial rate was only for the first year. I can't see that the trustees made any request either to receive statements or for a withdrawal between 2014 and 2018, so I see no reason to consider any loss of interest in that period.

It was not until 2018 that the trustees requested a statement and discovered the change to the mandate. I appreciate R couldn't then move the money until the problem was resolved in 2019, and that a higher rate of interest could have been earned elsewhere in this period.

However, they hadn't sought to move the funds between 2014 and 2018 and, even after gaining access to the account in 2019, the trustees didn't move the money elsewhere until the account's closure in 2020. On the basis of this evidence, I don't think it would be fair or reasonable for me to hold Bank of Baroda responsible for the loss of any potential interest.

The evidence I've seen also indicates that this was a savings account and was not used to cover the day-to-day expenses of R. Moreover, if the funds were required urgently then I would have expected to see an immediate withdrawal once the trustees regained access to

the account, which didn't happen. So, I haven't seen any evidence to indicate R suffered a financial loss from not having access to the funds for its day-to-day expenses.

Therefore, while I agree that Bank of Baroda should compensate R for its mistakes, I don't agree with the amount or reasoning proposed by R. Rather, I agree with our investigator that a fair and reasonable amount for the bank to pay R to put right the inconvenience they caused is £500.

I'm not going to require Bank of Baroda to provide a written apology as Bank of Baroda told us that they had already apologised when they contacted the former trustee of R.

The trustees of R understandably want to ensure this situation doesn't arise again. However, our role is to help resolve individual disputes between businesses and their customers and we don't have the power to ask Bank of Baroda to change their internal processes.

My final decision

My final decision is that I uphold R's complaint and I order Bank of Baroda (UK) Limited to pay R £500.

Under the rules of the Financial Ombudsman Service, I'm required to ask R to accept or reject my decision before 8 April 2022.

Tara Richardson
Ombudsman