

## **The complaint**

A charity which I will refer to as T, complains that Bank of Scotland plc caused considerable inconvenience to them following a request by T to change the signatories to their account.

## **What happened**

The background to the complaint is well known to both parties and so I won't repeat it at length.

Briefly, in March 2020 T approached the bank with a request to change some of the signatories to their account. They wanted to add a new trustee as a signatory and remove another trustee from being a signatory due to their ill-health. Then followed a series of correspondence between the bank and T, with the bank asking T to complete several requirements. As I understand it, the bank is currently awaiting completion of a couple of requirements by T.

T is unhappy about the time this is taking. They say that this whole problem was caused in the first instance due to the bank's failure to update its records. And that in turn had caused undue delay and inconvenience to T when they wanted to change the mandate. T also feels that the bank had not been pragmatic and failed to take into account the difficulties some trustees had in fulfilling the Key Account Party (KAP) form. They further say that the bank unfairly rejected a cheque despite them making the bank aware that they would be issuing the cheque.

The bank says, in summary, that it had to follow certain procedures when it receives request to change the signatories and those couldn't be avoided. It however apologised for any inconvenience caused to T and offered £150 by way of compensation.

One of our investigators said that the bank was entitled to require T that they complete the necessary formalities before their request could be actioned. They also felt that the bank had by and large kept T informed of what was needed at different stages. However, the investigator concluded that the bank did cause some avoidable delays and therefore was of the view that a total payment of £300 would be fair compensation for the inconvenience to T as a result.

T didn't agree. They said that the level of compensation isn't a material consideration for the charity, but they are more concerned that this shouldn't happen again to them or others. They wanted confirmation from the bank that it has now put measures in place to keep its records up to date, to have a meaningful communication with their customers and to operate within a reasonable flexibility to their internal regulations. In short, they feel that this case raises important points of principle concerning the way bank customers are treated and therefore they wanted a decision from the ombudsman.

## **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 appreciate T's concern that the difficulties they faced in this instance shouldn't happen again or faced by others. My remit here however is to determine this particular complaint by reference to what is fair and reasonable in all the circumstances of this case.

When T approached the bank to change the signatories, it came to light that a customer level mandate (CLM) wasn't held on the account. T says that they had in the past provided whatever information that was requested by the bank and question why the CLM was not put in place before. I agree. It is unclear to me why the bank hadn't already taken steps to have the CLM in place if that was needed.

Nevertheless, the bank advised T that CLM was needed and provided the relevant forms. After the forms were completed and returned by T, it wrote to T that KAP details were also needed. So, the bank sent another set of forms to T to complete and return. It seems to me that the bank could have sought both the requirements at the outset. By not doing so, it had caused some avoidable delays and inconvenience to T.

Following this, T managed to provide the KAP details for three of the trustees. They advised the bank that they were having difficulties in getting the KAP completed for two other trustees. They explained that one of them was held up overseas and couldn't return to the UK due to Covid restrictions and the other was seriously ill.

In the circumstances T asked for relaxation of the requirement that all KAP details had to be completed, and asked that the bank proceed to update the details of other signatories so that they are in a position to operate the account, in particular issue cheques. The bank did not agree and said that KAP details for everyone were needed. Whilst I appreciate that this is a requirement for the bank, I consider that it could have shown some flexibility given the circumstances, particularly in relation to the trustee who was ill.

T also says that the bank acted inconsistently in that it allowed a cheque for £10 but disallowed a cheque for £5,000 which they issued to another charity whilst this matter was ongoing. I understand T's point but as noted by the investigator the bank could have slightly different verification processes depending on the value of the cheque (amongst other things).

That said, I can see that T wrote to the bank advising it that they would be issuing a cheque for £5,000 and requested the bank to honour it. I have already noted the specific difficulties T was facing in getting the other two KAP forms completed. In the circumstances I consider that the bank could have been pragmatic and considered T's request to honour the cheque. Or at the very least when T wrote to it forewarning that they would be issuing a cheque, it could have advised T that it may not be able to honour the cheque pending the formalities. The bank didn't do so. Instead when the cheque was presented, it was rejected. I can see that T was inconvenienced as a result because they had to explain what had happened to the payee, though I note that fortunately the bank's rejection of the cheque didn't cause damage to their reputation due to their good relationship with the payee.

Overall, I accept that there were some failings by the bank and this resulted in considerable inconvenience to T. On the other hand, as pointed out by the investigator some delays were caused at T's end too.

I can see that the bank had already offered £150 to T and the investigator recommended a further £150. I also note T's comment that that the level of compensation isn't a material consideration for the charity. However, taking all of the above into account, I think a payment of £400 in total for the inconvenience this matter caused to T, is fair and reasonable in all the circumstances of the complaint.

### **My final decision**

My decision is that I uphold the complaint.

In full and final settlement of it Bank of Scotland plc should pay a total of £400 to T, including the £150 it has already paid.

Under the rules of the Financial Ombudsman Service, I'm required to ask T to accept or reject my decision before 9 May 2022.

Raj Varadarajan  
**Ombudsman**