

## The complaint

Mr K complains that Al Rayan bank PLC (Al Rayan) made errors in opening a 24-month fixed deposit.

## What happened

On 24 June 2020, Mr K applied to Al Rayan to open a 24-month fixed deposit at a profit rate of 1.41%. He said he would deposit £50,000 in the account. The account was opened on 27 June 2020 – with a zero balance, pending the receipt of funds into it. Al Rayan emailed him the confirmation, but the email didn't contain the account number for the new account. Al Rayan then sent the welcome letter to Mr K's previous address – so he didn't get that. In August 2020, the account was closed as no funds had been paid into it.

Mr K complained. He said that Al Rayan hadn't given him the account number of the deposit account and therefore couldn't pay into it. He replied to the confirmation email to advise Al Rayan about the lack of an account number but this was sent to an unmonitored inbox – so it wasn't picked up by the bank. The welcome pack was also sent to his old address in error – even though he had told Al Rayan about his new address. And so – he was in the dark about what had happened, or how to fund the account. He therefore had no knowledge of the closure of the account due to the lack of funds. He said he wanted interest backdated to June 2020 at the rate then applicable, plus compensation of £150.

Al Rayan said there was an onus on Mr K to contact them if he didn't receive the account details. The email he responded to didn't contain the account number – this was their error. But – it did also state at its bottom that it shouldn't be replied to as the mailbox was unattended. So – that was Mr K's error. Al Rayan accepted they'd sent the welcome pack to Mr K's previous address. They said that Mr K could've contacted them when he realised he didn't have the account number – and they could then have helped. They didn't agree to backdating interest on the account. They paid compensation of £150 – which was in respect of this complaint in addition to another complaint about a different deposit (which is not the subject of this complaint).

Mr K brought his complaint to us. Our investigator said Al Rayan acted fairly in dealing with Mr K's complaint. He said that Al Rayan had made some errors. And while on the balance of probabilities Mr K would've funded the account without the errors – he felt that Mr K could've done more to contact Al Rayan to obtain the account number when he realised he didn't have it. He said the account was automatically closed in line with Al Rayan's processes – and they couldn't be expected to contact every customer to chase them for their deposits – the onus was on Mr K to fund the account.

Mr K didn't agree and asked that an ombudsman look at his complaint.

*I reached a provisional decision where I said:*

The crux of Mr K's complaint is that:

- The email he received from Al Rayan didn't include the account number for the new 24-month deposit – so he couldn't pay into the account to fund it.

- He replied to the email to say this but he hadn't noticed that there was a reference at the bottom to say the mailbox was unattended and emails wouldn't be responded to.
- He didn't get a welcome pack – which gave more details about the account – as this was sent to his previous address.
- The 24-month deposit was closed after one month – in August 2020 – without notice and because of the lack of funds paid into it.

There are two sides to my view of Mr K's complaint. On the one hand:

- Al Rayan have admitted they were at fault in not including the account number in the email sent to Mr K. So – he didn't have all the information needed to enable him to pay into the account.
- Al Rayan have admitted that they sent the welcome pack to Mr K's previous address – even though he'd told them of his move. I've seen in Al Rayan's account notes that they say this was their error. I can see that the welcome pack contained full details of how to pay into the account – including the account number. So – if Mr K had received this, he would've had all the information needed.
- Al Rayan say that they closed the account without any advice to Mr K because no funds had been received – and that was part of their process. I don't think that's a fair stance to take. I think it was reasonable for Al Rayan to have contacted Mr K to remind him that he'd not paid into it – and that it would be closed if he didn't. That's the normal process most banks and deposit institutions take. If Al Rayan had done that, Mr K could've taken action to pay in.
- We asked Al Rayan more about this – they told us that they don't generally advise customers at the outset of a deposit that it should be funded by a certain date. That's their business decision to take – but I note that in the circumstances of Mr K's complaint, if they had advised him of this at the outset, (for example, in the initial email or welcome pack), he could have taken appropriate action. Al Rayan told us that they don't have terms and conditions which cover this point.

On the other hand:

- It is the case that Al Rayan's email to Mr K stated “ *Do not reply to this email as the mailbox is unattended. Please submit general enquiries at our contact us page.*” So – Mr K should have seen this and not replied to the email.
- Mr K could've been more proactive and contacted Al Rayan – as the email also suggested. I haven't seen that he did so or tried to pay into the account. It would have been reasonable for him to realise that he hadn't been able to make a deposit and do something about it. If he'd called Al Rayan, they could've sorted things out.
- It's normal process for a bank to close a fixed deposit if no funds are received into it – it looks like Mr K was an experienced investor who might reasonably have known this.

And so – there are two sides to this complaint and I must balance this when making a provisional decision. For me, Al Rayan were at fault in not advising Mr K of the account

number; for sending the welcome pack to the wrong address; and for not acting fairly in advising Mr K that his account hadn't been funded and would be closed by a certain date.

But equally, Mr K could've been more proactive in contacting Al Rayan to ask for the information he needed. So – I don't think it's fair to ask Al Rayan to pay Mr K interest from the date of the opening of the account in June 2020. But I do think that Al Rayan could've done more to provide Mr K with more information both at the opening of the account and about its impending and subsequent closure. I can appreciate this has been a source of frustration for Mr K and for that, I propose the payment of compensation for distress and inconvenience.

Our service has set out criteria for how much should be paid in circumstances such as this. This says "An award between £100 and £300 might be suitable where there have been repeated small errors, or a larger single mistake, requiring a reasonable effort to sort out. Typically, the business's actions could have resulted in some acute stress lasting hours at the lower end – or a have had a milder impact across a few days, or even weeks. In this range you'll usually see either some inconvenience has been caused, or lower levels of distress, disappointment and loss of expectation." I think that what happened here falls within that definition – and I propose an amount of compensation in the middle of that range - £150. Al Rayan have already paid compensation of £150 for this and another unrelated complaint – the split is not clear. But my recommended amount of £150 is in addition to that.

#### Responses to the provisional decision:

Al Rayan said they agreed but contested the amount of compensation, they said they'd paid £50 for the related complaint and £100 for this complaint. So, they proposed additional compensation of £100 – a total of £200.

Mr K asked that we consider:

- That he was abroad at the time of the fixed deposit application and so couldn't be 'proactive'. And he had to call Al Rayan from abroad and incurred call costs of 45 minutes @£1.44 per minute in contacting Al Rayan from abroad. He said he'd told Al Rayan he was to be abroad.
- He said that Al Rayan repeated the error again on 4 January 2021 – when they emailed him with a fixed rate deposit confirmation without an account number on it. This also went to his junk folder. He therefore said interest should be paid from that date.

So – I now need to make 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.

On Al Rayan's point, I acknowledge the points they've made. I had looked at the breakdown of the prior compensation in the papers they sent to us – and couldn't find anything. So – in summary, it was always my intention to award Mr K a further £150 compensation, and I think that's the right sum for what happened. So – I am sticking with that.

On Mr K's points:

- It was unfortunate that he was abroad at the time, but in all fairness, we can't hold Al Rayan responsible for the fact that he found communications hindered by that – even though he'd told them so.
- On his second point – we had raised this with Al Rayan during our investigation. And they confirmed to us that the email Mr K refers to was in connection with his related complaint (about a 12-month fixed rate ISA). This isn't the subject of this complaint – and so I can't consider this point.

And so – in summary, my final decision is unchanged from the provisional decision.

### **My final decision**

I uphold this complaint. And Al Rayan Bank PLC must:

- Pay compensation of £150 to Mr K for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 9 May 2022.

Martin Lord  
**Ombudsman**