

The complaint

V complains Bank of Scotland plc provided a poor service and caused delays when the business was transferred.

What happened

V is a limited company and is represented by Mr D and Mr C in this complaint. As Mr D is the main director involved, I will mainly refer to him in my decision.

The investigator set out the background to this complaint in detail, so I won't repeat it again here. Instead, I'll provide a summary of the key points.

In October 2021, due to the passing of the sole director of V, Mr D and Mr C took over the business. BoS informed Mr D and Mr C that in order for them to manage the business account a mandate variation form would need to be submitted. Due to paperwork issues the relevant documentation was completed in early November 2021.

Due to the delays they experienced, V raised a complaint with BoS. The concerns were looked into and BoS explained it couldn't take instructions from Mr D as he wasn't named on any mandate held by the bank. It also explained that as the business was still active it was obliged to ensure payments connected to the business – such as standing orders to suppliers were met. It did however accept that there had been a delay in processing the mandate for the business account and they had received poor service. BoS offered V £80 in recognition of this.

BoS has also paid £52 to V after Mr D had a lengthy phone call with BoS about the account issues. V was also given £30 as a recognition of the poor service, and £62.44 of accrued interest and charges were waived as a gesture of goodwill. It also offered £80 for the general service issues V experienced.

Mr D was dissatisfied with BoS's overall response. Mr D explained that the poor service had resulted in delays, which has now left the business in a difficult financial situation. The complaint was referred to our service, and an investigator upheld the complaint in part. They explained there had been unnecessary delays and recommended BoS pay V £314.65 to cover the cost of fees and direct debits that should've been cancelled in the period where there was an avoidable delay. The investigator also recommended BoS pay an additional £300 to V for the reputational damage and poor service it provided. This comprised of £220 for reputational damage to V and an additional £80 for the mandate delays V experienced.

As Mr D didn't agree with the investigator's review, the complaint has been referred to an ombudsman for a final decision.

I issued my provisional decision on 11 January 2023.

What I said in my provisional decision

I've considered all the available evidence and arguments to decide what's fair and

reasonable in the circumstances of this complaint.

There's a great deal of correspondence on this complaint and many complaint points have been raised. I will, however, focus on issues which are - in my opinion - relevant to reaching a fair outcome to this complaint. This isn't meant as a discourtesy. It simply reflects the informal nature of our service.

It may also help to explain that in considering this complaint and the impact of any failings by BoS, I can only consider these in relation to V as a limited company. That's because V is the eligible complainant that has a relevant relationship with BoS. While I've considered all that Mr D and Mr C have said, I can't consider any impact to them as individuals.

Account mandate variation delays

Although Mr C and Mr D were both listed as directors for V, BoS required them to complete mandate variation forms so they could operate V's business account. I see Mr D didn't think this should've been necessary, but BoS has its own set of requirements regarding account mandates. These requirements are outlined in the account terms and conditions which explain that BoS will only act on instructions given in line with the authority on the account. The authority essentially details who has permission to give instructions to BoS, and in V's case Mr C and Mr D were not named on the authority in place. BoS required them to be added on, which the terms state require the completion of relevant forms provided by BoS and their return. I understand the need for these forms to be completed has caused issues, which I will go on to address, but I think BoS's requirements were reasonable as ultimately it was just seeking to make sure that it was processing payments correctly for V.

Mr D asked BoS to cancel direct debits and standing orders from the business account, as they wanted to review the payments. BoS explained this could only be done once the necessary variation forms were completed. Mr D says he submitted the forms on 11 October 2021, however BoS has no trace of these forms being submitted and given the timeline of events I do not think it's feasible for the forms to have been submitted on this date. I say this because Mr C informed BoS of the passing of the sole director of V on 13 October 2021, and prior to this there was no communication between Mr D and BoS about the business account for V.

What is clear from the timeline of events is that BoS received the completed forms on 21 October. But it's explained that it didn't review the forms as it should have. It took Mr D contacting BoS on 4 November to prompt it to look at the forms and, when it did, it noticed that the forms hadn't been completed in the way it needed.

I think BoS should've done more at this stage. I can see there is conflicting information about the timescales for processing mandates. BoS says that its internal timescales for processing these variation forms changed from 5 days to 29 days. But I can't see any evidence of this change in timescales, or it being communicated to account holders. I also note the account terms of conditions state that BoS should be given four clear business days to process a request to change authority on the account. Following the initial delay, Mr C and Mr D completed new forms and submitted them on 8 November 2021. These forms were processed promptly and they were able to operate the account by 10 November 2021.

In its submissions to our service BoS accepted there had been an eight-day delay in processing the mandate variation forms. The investigator endorsed this and found the variation should've been put in place by 2 November 2021. Based on my review events I also think there has been an avoidable eight-day delay and the changes should have come into effect on 2 November 2021. I say this because had BoS reviewed the forms promptly and in line with its internal timescales it would've noted that the forms were not completed

correctly. If it had informed Mr C and Mr D of this in a timely manner, they would've been able to correct the issues and resubmit the forms. This would've allowed BoS to review them again and add them to the account by 2 November 2021.

Assessing the impact of this delay is challenging and I appreciate Mr D says the impact has been significant. BoS offered V £80 in recognition of the inconvenience caused by the delays. The investigator recommended BoS do more and compensate V with £315.65 for charges and direct debits that weren't cancelled.

Mr D did not think BoS's offer went far enough, and also thought the investigator's recommendation was lacking. Mr D says he intended to stop all payments from the business account by 12 October 2021. Mr D says the delays meant he could not review the payments, pay employees and generally review the health of the business. I acknowledge Mr D's points, and I can see direct debits and standing orders were reviewed, and some cancelled once he had the necessary mandate to operate the business account. But I don't think V needs to be compensated to the level outlined by the investigator or Mr D.

Given the circumstances, when Mr D became a director of V, there was always going to be a transition period whilst the necessary business changes were made. I think Mr D's aspiration of stopping all payments from the business on 12 October 2021 was never going to be possible given what I've said elsewhere about BoS's requirements to enable him to do this. The initial forms weren't completed correctly, and I can see when Mr D and Mr C went to the local branch to complete paperwork the submission was incomplete, but this was noted on the day and corrected. So the process hasn't been smooth and BoS offered £80 in recognition of this. I don't think this amount adequately reflects the impact on V, which was left in limbo for longer than necessary. I think a total amount of £150 is a fairer reflection of the inconvenience caused, so I think BoS should increase its offer by £70 to reach this amount.

Customer service

Mr D has raised many concerns about the service received from BoS. He explains the poor communication, delays and general lack of support and professionalism has had a significant impact on V. There has been a great deal of contact between BoS and V. I can see when BoS was first informed of the passing of the sole director of V there were multiple phone calls about the next steps for the business. I have considered all of the contact between V and BoS to decide what impact this has had on the V and the inconvenience caused.

As noted above, much of the contact was around the mandate variation forms. After listening to the available calls it's clear that this was not a straightforward process for Mr D and Mr C. I would've expected a more pro-active approach from the bereavement team, given the sensitive circumstances. Mr D had numerous calls with BoS and I can see that there have been a number of lengthy calls, and he has dealt with multiple call handlers and departments. It seems calls were often transferred to different teams, or individuals and there was a lack of continuity in the service provided. I accept that some of the contact would've been necessary. However, I think the poor service provided by BoS compounded some of the issues V was facing.

BoS has offered £80 for the poor service it provided. I can also see that after one particularly long phone call BoS paid V £52 in call costs and made a £30 distress and inconvenience payment. £62.44 of accrued unauthorised overdraft interest and returned direct debit fees were also waived as a goodwill gesture. When assessing compensation, I need to think about the impact all the issues had on V. I think the time and effort spent trying to deal with BoS meant V wasn't able to move forward and focus on its business. Looking at the

circumstances I think an additional £100 in recognition of the inconvenience caused is fair compensation for V.

V's business account

Mr D says V is in a difficult financial position due to the mishandling of its account affairs by BoS. I acknowledge BoS's poor service had some impact on V, but I don't agree that it was to the extent outlined by Mr D.

I say this because the statements provided show that V was using its overdraft since June 2021. To assist during the Covid pandemic it also received a government backed bounce back loan. However, the business seems to have still faced difficulties, and I can see that BoS invited V to negotiate terms of repaying its debt. I understand taking on a struggling business would not have been easy for Mr D, and the added inconvenience of dealing with problems with BoS would've made matters harder. However, other than the impact already outlined above, I don't think BoS is responsible for the overall state of V's financial position. Rather this seems to be due to a number of factors, including circumstances around the Covid pandemic and wider economic factors.

Compensation for damage to reputation

The investigator awarded V £220 in recognition of the damage BoS's actions had on V's reputation within the business community.

Looking at the evidence provided, I don't think this recommendation is a fair reflection of the impact on V. Whilst I agree the business has been inconvenienced, I haven't seen enough evidence to persuade me BoS's mistakes resulted in a lasting reputational impact on V. I don't underestimate the challenges of dealing with clients and staff during the transition of the business over to Mr D. The lack of account access would've compounded issues. However, deciding awards for reputational damage is seldom straight forward as this is such a subjective issue and so as an impartial and evidence-based service – we'd need to see some evidence of the reputational impact here. The evidence provided by Mr D predominantly focuses on the state of V's finances and the longstanding issues it faced. But I haven't seen specific evidence which connects BoS's failings to V's reputation. So, I am not currently persuaded this compensation is fair or necessary.

I know this will not be the outcome Mr D was hoping for and he will be disappointed with the decision I've reached. But I hope my decision provides some clarity around why I won't be asking BoS to take any further steps than already outlined to compensate V.

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.

BoS replied to the provisional decision, explaining it accepted my recommendations. Mr D responded on behalf of V explaining his reasons for disagreeing with the findings within the provisional decision.

Mr D explained that he is not complaining about having to submit paperwork to be added to V's account, rather his complaint is that there was poor service and repeated delays which had an adverse impact on V. Mr D reiterated his negative experience with the bereavement team and the disjointed service received from BoS. The additional information he has provided from the accountant for V demonstrates that the relationship between V and BoS had essentially broken down. BoS has acknowledged that there were certain areas where it

could've done better, and it took some steps to recognise this by awarding compensation. But as explained in my provisional decision I didn't think the amounts offered went far enough. I recommended an additional £170 be paid to V for delays and poor service. Mr D doesn't think this goes far enough and the compensation due should be in the thousands.

Reaching an award for distress and inconvenience is seldom straightforward. The issues involved are subjective by their very nature and the impact on the consumer can be difficult to determine. In this case I must consider the impact on V, not Mr D. And I think the additional amounts I recommended, alongside the amounts already offered by BoS, recognises that the service and communication from BoS fell short of what was necessary in the circumstances.

The further submissions provided by Mr D refer to his attempts to close V, and his inability to do this due to loans held by V. This point is outside the scope of this complaint and decision, so I won't be commenting on this issue. I can see Mr D would like a meeting to be set up between a senior BoS member of staff and himself, but this isn't something our service would be involved with facilitating.

I am sorry to hear of the health issue Mr D has referred to in his submissions. I don't underestimate the impact taking on V and dealing with the business has had on him as I can see it has presented many challenges. Mr D has also referred to his credit file being negatively affected. However, my role in this decision is to assess the impact BoS's shortcomings have had on V, and more specifically in relation to the points outlined in my provisional decision. So I won't be able to consider these points when reaching my award for distress and inconvenience.

I know Mr D will be disappointed with the outcome I've reached on his complaint. But this final decision ends what our service can do for V in respect of this complaint. However, it can reject my decision and pursue the matter elsewhere if it wishes to do so.

Putting things right

Bank of Scotland plc should compensate V by taking the following steps:

- Account mandate variation delays – pay V an additional £70 on top of the £80 it has already offered for the delays and inconvenience V experienced. This is a total of £150.
- Customer service – BoS should pay an additional £100 on top of the £80 it has already offered for the poor and inconsistent service it provided to V. This is a total of £180.

My final decision

For the reasons given above, I uphold this complaint and require Bank of Scotland plc to put things right by doing what I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask V to accept or reject my decision before 8 March 2023.

Chandni Green
Ombudsman