

The complaint

A trustee of D, a self-invested personal pension (SIPP), complains that poor customer service by The Royal Bank of Scotland Plc prevented D from benefiting from RBS' incentivised bank account switching scheme.

This complaint has been referred to us by Miss H, a representative, on behalf of the trustee.

What happened

In late 2019, RBS wrote to the trustee to invite D to participate in the switching scheme, offering an incentive payment of £1,250 if D successfully switched to another bank. RBS' online link said that there were five banks to which D could potentially move its banking. The trustee selected one (which I will refer to as "the other bank") and was sent an application form.

Miss H was unsure how to answer some of the questions on the application form. The other bank advised her to confirm with RBS. RBS weren't sure of the answers, but eventually made a suggestion, which Miss H used to complete the form.

In January 2020, Miss H complained on behalf of the trustee about various aspects of RBS' customer service in the course of trying to arrange D's switch ("the first complaint"). RBS upheld parts of the complaint about a promised call-back, call waiting times and calling Miss H on the wrong number. RBS said they would cover any costs incurred due to their errors.

In March 2020, the other bank rejected D's application, because it said the form was completed incorrectly. It subsequently agreed to proceed with a manual switch rather than an automated one.

In August 2020, the other bank informed the trustee that due to its merger with another bank, there had been a policy change and it would no longer accept SIPP accounts.

Miss H says she then spent several days phoning the other four banks on RBS' list but none would accept D's account. She also says they told her they had never accepted pension accounts.

In February 2021, Miss H complained again ("the second complaint") and explained to RBS that she wanted to resume and add to her previous complaint, as the matter of D's switch was still not resolved. RBS told her that the previous complaint was closed, but they considered a fresh complaint from her regarding several new issues. These included RBS not compensating her for the failure to switch and the other banks listed by RBS not in fact being willing to open an account for D.

As with the first complaint, RBS accepted that they had made some errors in the way they'd handled things, but they didn't uphold the major complaint points regarding the failed switch and they didn't offer compensation.

Miss H referred both complaints to the Financial Ombudsman. I issued a provisional decision on 17 January, in which I partially upheld the complaint, although I didn't think that RBS were responsible for the central issue of the missed incentive payment. In summary, I said:

- I didn't think the first complaint had been referred too late. I thought we had the power to look into both the complaints. I said this on the basis of a phone call Miss H made, in which I considered she was given the impression that the deadline didn't matter, as things could still be reconsidered later if she wanted.
- In any case, I thought it was really all one complaint and I therefore considered its merits as one.
- RBS was obliged to invite eligible accounts to transfer, but that didn't mean that any customers had to leave.
- Based on what I'd seen, I didn't think RBS misled Miss H about the need to switch or about the shortlist of banks that could be approached about the switch. I thought the bank's communications were clear and had included warnings that the new bank would have criteria that needed to be met.
- In the case of D's account, all the shortlisted banks ultimately decided that they didn't want to open an account. But I didn't think that meant RBS had made an error in including D in its invitation to switch or in the shortlist given.
- Different banks classify entities differently and a SIPP business current account is a non-standard type of account, for which banks may well not have a specific category. RBS classified the account as "other" on their system.
- RBS suggested that D try "trust" in its application to the other bank. A SIPP can be described as a type of trust, so I don't think RBS made an error in suggesting that. It was unfortunate that the other bank rejected this, but I don't think this was RBS' fault.
- Despite the discrepancy with the category, the other bank agreed to proceed with the switch manually. So I didn't think this classification issue was actually what prevented the switch going ahead.
- Ultimately, it was the change of policy at the other bank that prevented the successful switch. I can only imagine how frustrating this was for Miss H and the trustee. But I can't reasonably hold RBS responsible for another bank's commercial decision.
- I noted that it wasn't fair to say that RBS refused to offer any compensation for their errors. In the bank's first response letter, they said they were more than happy to cover any costs considered.
- On balance, I was minded to think that some compensation was warranted for the inconvenience RBS' poor service in January 2020 caused. In particular, I was mindful of the promise to investigate matters and call back that wasn't kept, the confusion caused about client money, the missing mandate and the ambiguous security question, which resulted in a branch visit being required.

- I provisionally thought that a payment of £300 was appropriate to compensate for those errors.

The bank agreed to my provisional decision and made no further comments. Miss H thanked me for my findings on our jurisdiction to consider the first complaint and made the following points, in summary:

- All the other banks on RBS' shortlist told her that D wasn't even eligible to apply to switch to them and never had been. If she had known that from the start, she could have saved several days' effort.
- She had specifically checked this with RBS and they had incorrectly told her on the phone that the other banks shortlisted would definitely be willing to accept D's account, even though it was a SIPP.
- RBS's unsatisfactory level of phone support in January 2020 caused Miss H and the trustee to have to visit a branch and ultimately resulted in the application being rejected for an automated switch.
- Had the switch gone through automatically, it would have been completed before the other bank's merger and resulting policy change on accepting SIPP accounts.
- She and the trustee were assured by three different RBS employees that if RBS' actions contributed in whole or in part to D missing out on the incentive, then D would be compensated.
- Miss H gave further examples of poor customer service in relation to the complaint in August 2020 and February and March 2021. She thought that compensation should be increased to cover these.
- She considered that interest should be added to the compensation, as RBS had told her that they could only consider reimbursing her once the final outcome of the switch was known.

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'm sorry to disappoint Miss H but I haven't been persuaded to change my provisional view. I don't think that the failure to switch D's account and gain the incentive was caused by an error by RBS, although I do agree that their poor customer service on occasion caused inconvenience and frustration.

I still haven't seen any evidence that RBS made an error in listing the banks to which D was eligible to switch.

Unfortunately for D, when information was exchanged between the participating banks, it just wasn't granular enough to identify SIPP accounts. The offers were based on much less specific criteria such as it being a business account with a certain turnover. This means that I don't think the participating banks would have known it was a SIPP when deciding to make an offer.

RBS made it clear that eligible customers would always have to go through an application process at the bank to which they wanted to switch. So I think it was evident that there was always the possibility that the other banks would decline to take the account, despite making the initial offer, when they found out more about the business.

It follows from the above that RBS wouldn't have known that the other banks would reject D's account. The only way of finding that out was to do what Miss H and the trustee eventually did and phone all the banks listed. I appreciate this was unsatisfactory, but I'm afraid in my view it was the result of having a very unusual category of bank account rather than a RBS error. And I'm mindful that this was an entirely voluntary process, as D didn't have to switch.

I also note that although Miss H now says none of the listed banks would even let D apply, she told RBS in an earlier call to which I've listened that they had told her that D could apply, but it was unlikely to be successful. I think this is slightly different from not being able to apply at all and again suggests there was no error on the part of RBS in listing them.

I know Miss H has mentioned specifically checking with the RBS switching line that the listed banks would accept a SIPP account. I haven't heard this call but even if RBS were unclear, it would not change my view on compensation. I say this because I've concluded that, as far as RBS knew, the other banks were prepared to accept D's account. I think it's highly unlikely that RBS would have known the other banks' policies on SIPP accounts and, based on Miss H's earlier accounts, the other banks didn't say they definitely wouldn't accept D, just that it was unlikely.

I acknowledged in my provisional decision that poor service had resulted in Miss H and the trustee taking time off work to visit a branch. But I still consider that RBS couldn't reasonably be expected to know the answer to the question Miss H was trying to get answered, which was how the other bank would require D's account to be categorised on its application to switch.

I accept it's possible that if RBS had known how the other bank wanted SIPP accounts categorised, then the automated switch might have gone ahead before the other bank changed its policy. But there's no evidence or certainty that this is the case. It's equally possible in my view, that the other bank's change of policy might have come to light sooner if the switch had been ready to complete sooner. And in any case, I don't accept that it was an error on RBS' part not to know the answer. I realise how frustrating this is for Miss D, but different banks categorise things differently.

Miss H has said that RBS told her more than once that if they were wholly or partly responsible for D missing out on the incentive, then they would pay the incentive amount as compensation. I haven't seen evidence of this offer. But the decision for me is what's fair and reasonable here. I think it would only be fair to expect RBS to pay the incentive, if I was satisfied that D would have qualified for it, were it not for the actions of RBS. I don't think this was the case.

After the extension of the scheme, participants had until June 2021 to complete their switch and I haven't seen that RBS had much involvement after January/February 2020. I know that Miss H has cited various problems with the bank's complaint handling in August 2020 and February and March 2021, but I don't think these had any bearing on the failure to get the incentive.

I realise that this outcome is extremely frustrating for the trustee and Miss H. They have put considerable time and effort into getting an incentive payment that was always going to be difficult for a SIPP account. Ultimately, I consider the central problem here to be that many

banks have made commercial decisions to cease offering accounts for certain categories of customer such as SIPPs. This is in my view why the switch failed and I don't think it is RBS' fault.

Putting things right

RBS accepted my provisional conclusion that some compensation was warranted for their poor service at various points. There were a number of small errors, which taken individually might not have merited compensation, but looked at overall, I still consider that £300 is the fair amount for this. I know Miss H has described in more detail her problems with various complaint handlers but I had already taken them into account.

Miss H has argued that I should add interest to the compensation, because an RBS complaint handler told her that RBS would only consider reimbursement for the incentive and issues related to it once the outcome of the application to the other bank was known for sure. I don't think adding interest would be fair. First, as I've said, I'm not intending to direct RBS to reimburse the incentive. RBS' letter of February 2020 made it clear that they were prepared to reimburse the trustee for other costs incurred due to the bank's error, so I think this could have been followed up at the time and compensation received in a more timely manner.

RBS could have been more helpful at various points throughout the process and it is for this reason that I am directing them to pay £300 in compensation for the inconvenience they caused.

My final decision

I uphold this complaint in part and direct The Royal Bank of Scotland Plc to pay D compensation of £300.

Under the rules of the Financial Ombudsman Service, I'm required to ask D to accept or reject my decision before 22 March 2023.

Louise Bardell
Ombudsman