

## The complaint

Mr B complains that Charter Court Financial Services Limited trading as Charter Savings Bank ('Charter') failed to make clear that the fixed-rate bond account he opened had no cooling off period. He wants to cancel the account.

## What happened

Mr B opened a two-year fixed-rate bond account provided by Charter.

Charter provided a Key Features document for the bond which included the following information:

***'Cancelling your Account: You cannot cancel or close this Account.'***

Charter also provided a document called General Savings Conditions (2018 Edition) ('the General Savings Conditions') which set out basic information about Charter, its agreement with its customers, and general terms that applied to all services Charter provided. Section 22 of the General Savings Conditions was headed '*Cancelling or closing your Account*'. That section included the following information:

*'22.1 If, within 14 days of first opening your Account, you would like to cancel your Account, let us know by ...*

*22.2 If you cancel your account within 14 days of first opening it, we won't charge you for the cancellation.*

***BUT PLEASE NOTE – this right to cancel does not apply if the interest rate on your Account is fixed for a period of time.'***

Mr B transferred about £85,000 to the account in three transactions.

Two days later he asked Charter the following question via secure online messaging:

*'Please can you confirm if this fixed rate account has a cooling off period (e.g. 14 days) from the account opening/funding date during which the account can be closed without a penalty?'*

Charter told him the terms and conditions he'd agreed to when opening the bond account said it wasn't possible to make a withdrawal or close the account during the fixed term period.

About three weeks later Charter launched a new fixed-rate savings bond with an interest rate that was higher than the rate Mr B was receiving.

Mr B called Charter that day. He said he'd checked the terms and conditions and found there was a cooling-off period of 14 days and so he'd been misinformed by Charter. He said he'd received the General Savings Conditions when he applied for the bond, and he was looking at section 22. Charter said fixed rate products didn't have a right to cancel, even though

other products did. It said under paragraph 22.2 was the line '*BUT PLEASE NOTE...*' which was followed by information saying the right to cancel didn't apply to fixed-rate products. And it said Mr B's account was a fixed-rate bond so the right to cancel didn't apply to it.

Mr B said he'd seen Charter had offered products with better rates and he wanted to switch to one of those products. He asked if there was anything Charter could do. Charter said it couldn't transfer Mr B's savings to a different product.

Mr B said the information associated with the line '*BUT PLEASE NOTE...*' appeared after paragraph 22.2 only and so it didn't apply to paragraph 22.1, and paragraph 22.1 was the paragraph that allowed cancellation. Charter said the information that followed '*BUT PLEASE NOTE...*' applied to part 22 as a whole not just paragraph 22.2. Mr B said the terms weren't clear and he asked Charter to escalate his issue to the relevant team.

Charter registered a complaint from Mr B. In response to the complaint it said that when opening the fixed-rate bond account Mr B had confirmed he agreed to the General Savings Conditions and Key Features. It said those documents taken together formed the terms and conditions of Mr B's account and how Charter would operate it. And Charter said the terms and conditions made clear that early withdrawals weren't allowed and there was no cooling off period.

Mr B still didn't think the General Savings Conditions were clear enough. And he said the Key Features didn't say there wasn't a cooling off period for his bond account.

He referred his complaint to this service.

One of our Investigators looked into Mr B's complaint. He said the terms and conditions were clear enough.

Mr B didn't agree with the Investigator's view. In summary he said the following:

- Paragraph 22.1 permits closure within 14 days and doesn't say any products are excluded from that. The exclusion for fixed-rate products appears under paragraph 22.2 which deals with penalties for closing an account, and it doesn't apply to paragraph 22.1.
- Refusing a cooling off period for all fixed rate products would be unenforceable because it would then apply to some ISAs which would breach HMRC rules.
- In 2023 Charter updated the General Savings Conditions and made the terms about cancellation clearer. That showed that the previous terms were misleading.

Because no agreement could be reached, the complaint was passed to me to review afresh and make a 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.

Having done so, I'm not upholding the complaint. I'll explain why.

The purpose of this decision is to set out my findings on what's fair and reasonable, and explain my reasons for reaching those findings, not to offer a point-by-point response to every submission made by the parties to the complaint. And so, while I've considered all the

submissions by both parties, I've focussed here on the points I believe to be key to my decision on what's fair and reasonable in the circumstances.

Mr B accepts he was given the terms and conditions of the fixed rate bond account at the time he opened the account. Charter has said he had to acknowledge and agree those terms and Mr B hasn't disputed that. Mr B says the terms weren't clear enough.

I've looked at the General Savings Conditions and the Key Features that Charter gave Mr B. And I'm satisfied the terms and conditions presented in those documents were intended to say that the fixed-rate bond account that Mr B opened couldn't be cancelled. And the 14-day cancellation period provided for some products was not intended to apply to the fixed-rate bond. So I accept that the terms of the fixed-rate bond don't allow cancellation, within 14 days or otherwise. And I have no reason to say those terms were unfair or unreasonable for the product Mr B took out. So based on the terms and conditions themselves it wasn't unfair or unreasonable for Charter to refuse to allow Mr B to close the fixed-rate bond account before the term of the bond has been completed.

Having said that, if the terms weren't sufficiently clear in the way they were presented to Mr B, then Mr B might have been misled into think that he would be able cancel the account after opening. And if that was the case, Charter might have caused Mr B to make a decision that he wouldn't have made if he'd had clearer information. But having considered all the evidence, I'm not satisfied that this is what happened.

The message Mr B sent Charter shortly after opening the account asked Charter whether there was a cooling-off period for the fixed-rate bond account he'd opened. Based on the exchange he had with Charter at this time, I'm not persuaded that, when he opened the account, Mr B had formed a view based on the terms and conditions that he would be able to cancel the account within 14 days. I think it more likely than not that Mr B would've said so at this point, if he thought at the time that the terms and conditions allowed him to cancel the account within 14 days. And if Mr B had believed at the time he opened the account that paragraph 22.1 of the General Savings Conditions allowed him to cancel his account, I would've expected Mr B to attempt to exercise that right in the way set out at paragraph 22.1 – rather than to ask Charter whether any right to cancel applied.

In any case, irrespective of these communications between Mr B and Charter, I'm satisfied that the terms and conditions were in fact clear enough that Mr B could reasonably have known at the time he took out the product that he wouldn't be able to cancel it, in 14 days or otherwise.

The Key Features document said in unambiguous terms that the account couldn't be cancelled. It said:

***'Cancelling your Account: You cannot cancel or close this Account.'***

Mr B has said the Key Features didn't say there wasn't a cooling-off period. However, I think that by saying the account couldn't be cancelled or closed, and not saying that any right to cancel applied, the Key Features were clear enough and not misleading.

Mr B has said the General Savings Conditions weren't set out clearly enough and so they were misleading. But I don't think the placement of the information about cancellation was so poor that Mr B couldn't have understood by reading the conditions that his account couldn't be cancelled. The General Savings Conditions included the statement that:

***'this right to cancel does not apply if the interest rate on your Account is fixed for a period of time.'***

The statement itself is phrased clearly. Mr B has said the placement of the statement (after paragraph 22.2) meant it wasn't clear the information related to the right to cancel provided at paragraph 22.1. But all of section 22 in the General Savings Conditions relates to cancellation. It's not unreasonable that information further down in that section is relevant to whether an account can be cancelled and what terms and conditions will apply to cancellation. Also, it's clear that 22.1 and 22.2 relate to the same right to cancel within 14 days, and so the information that follows 22.2 which says '*this right to cancel*' is referring to the same right to cancel. So, overall, I don't think the information about cancellation in the General Savings Conditions failed to be clear enough.

Mr B said the wording of the General Savings Conditions was inconsistent with HMRC rules because it suggested that fixed-rate ISAs wouldn't come with a cooling off period. But Mr B hasn't said his product was an ISA. It was open to Charter to refuse a cooling-off period for a fixed-rate bond which isn't an ISA.

I'm also not persuaded that Charter's update to its General Savings Conditions in 2023 shows its previous terms failed to be clear, fair and not misleading. Even if Charter made that update with the specific intention of making clearer that cancellation was possible for only some account types and not all account types, that doesn't mean the previous version of the document was so unclear that Mr B couldn't reasonably be expected to have understood it. I've considered the version Mr B was given and I'm satisfied it was clear enough for Mr B to have known the right to cancel within 14 days didn't apply to his account.

Having taken everything into consideration, I don't think the terms and conditions failed to say clearly enough that Mr B's fixed-rate bond account couldn't be cancelled. And I can't say Mr B was misled by the terms and conditions at the time when he opened the account.

I understand Mr B would like to receive the higher rate of interest that Charter offered after he'd already opened his bond account. But I don't think Charter unfairly prevented him from doing so. And so I won't be requiring Charter to do anything in this instance.

### **My final decision**

For the reasons I've set out above, my final decision is that I'm not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 5 March 2024.

Lucinda Puls  
**Ombudsman**