

The complaint

Mr R, a sole trader, complains about the actions of The Royal Bank of Scotland Plc that led to his business account being temporarily frozen.

What happened

The following is intended only as a brief summary of events. Mr R has held a business account with The Royal Bank of Scotland Plc (RBS) for many years. Due to an error by RBS, his wife was named as the sole proprietor of the account.

Sadly, Mrs R passed away in October 2022. And, as a result, the account was frozen. Mr R was unable to resolve this issue himself and his adult children have assisted him both in resolving the problem and bringing this complaint.

The account was eventually unfrozen after around three months. During this time, Mr R had to use his own personal finances to support the operation of his business and take a more active role in this business itself. Mr R and representatives suffered a great deal of inconvenience, and this was at a time when they were already no doubt greatly distressed by Mrs R's passing.

RBS acknowledged it was responsible for the situation. It corrected the accounts, apologised for the error and offered £500 in compensation, as well as offering to consider any direct monetary consequences of the error. I note that it has also waived some charges that were incurred on the account during the period it was frozen.

Mr R was not satisfied with this outcome. And felt that a higher level of compensation was appropriate. Our Investigator agreed with this and recommended that RBS increase the compensation to £1,000. RBS agreed to this, but Mr R did not. He and his representatives did not consider this adequately reflected the strain created by the situation.

As our Investigator has been unable to resolve this complaint, it has been passed to me for 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 have come to the same conclusions as the Investigator, for largely the same reasons.

RBS has agreed that it is at fault for the situation. So, this complaint is largely limited to considering what needs to happen to address this.

Our role when considering a situation where a financial business has made a mistake is to try and put the parties back in the position they would have been in had no mistake been made. There are two potential consequences to the situation Mr R found himself in. He could have suffered direct financial detriment – for example he may have incurred charges and

costs that he otherwise would not have, had the account not been frozen. And he may have suffered 'distress and/or inconvenience'.

In terms of the first of these consequences, RBS has waived charges it is aware of and has offered to consider any other financial losses Mr R incurred. In doing so, I consider RBS has appropriately put Mr R back in the financial position he otherwise would be had there been no mistake.

Turning to the non-financial consequences, it is clear that this whole episode would have had a substantial impact on Mr R. And whilst RBS is only responsible for the impact of its mistake, this issue arose at a time when Mr R would already have been distressed. So, the impact of RBS's mistake was likely greater than it would otherwise have been.

Mr R was unable to resolve this situation himself, partly due to his difficulties with dealing with modern technology, as highlighted by his representative, but also no doubt because of the grief he was suffering. In considering the impact of RBS's mistake, I am limited to considering the impact on Mr R, rather than directly on his representatives. However, Mr R would have likely been aware that the issue was not resolved and that he was asking his children to continue to deal with this whilst going through their own grief. The knowledge of putting this burden on them during this time would no doubt have been distressing for Mr R.

I have also noted that the situation took longer to resolve than might be expected and that there were communication issues with RBS during this period. Mr R's representatives have highlighted some of the impacts this had. But I am only considering the impact of the issue, rather than the fact the initial error from RBS seems to have taken place many years ago. Whilst the account had, in effect, been incorrectly set up for a number of years, this does not appear to have had any detriment prior to the current issue. So, there was limited impact from RBS's error prior to the account being frozen.

Taking all of these points into account, I consider that the initial offer from RBS for £500 compensation does not adequately reflect the impact on Mr R. However, I agree with our Investigator that an award of £1,000 does.

I appreciate Mr R and his representatives do not consider this to be sufficient. But, taking all of the circumstances of the complaint into account, I am satisfied that this is a fair and reasonable outcome.

Putting things right

The Royal Bank of Scotland Plc should pay Mr R £1,000 in compensation if it has not already done so.

My final decision

My final decision is that I uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 1 December 2023.

Sam Thomas
Ombudsman