

## **The complaint**

Mr and Mrs R complain about how Coventry Building Society dealt with a new account application.

## **What happened**

Mr and Mrs R applied for Coventry Individual Saving Accounts (ISA). Mr R says his application was approved but Coventry told Mrs R that, as she had exceeded account withdrawals, then there would be a charge of just over £100. Mr R says the withdrawals were internal transfers and so should not be classed as withdrawals. He says Coventry didn't warn them about the withdrawals and treated them badly. Mr and Mrs R would like compensation for what took place and the account to be opened without penalty.

Coventry says Mr and Mrs R's account terms and conditions make clear that a withdrawal includes internal transfers and that four previous withdrawals had been made. It says the ISA application was the fifth withdrawal and it was entitled to make the charge. It also says it wrote to Mrs R to tell her.

Mr and Mrs R brought their complaint to us.

Coventry reviewed its position and accepted it could have used its discretion for longstanding customers. It has paid £200 as a goodwill gesture and has offered £70 for any lost interest. Coventry says it will not backdate the account interest as it didn't make a mistake.

Our investigator thought Coventry had acted fairly and didn't require it to backdate any interest.

Mr and Mrs R don't accept that view and don't accept Coventry is bound by any rules that prevent it from backdating the interest to when they wanted the account opened.

## **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 overall view that I don't uphold this complaint.

I have looked carefully at the account terms and conditions of Mr and Mrs R's account, that they opened in around 2021, which they would have agreed to. I'm satisfied those terms and conditions make clear that a customer can make up to four withdrawals each year without charge or loss of interest. There is no question here that Mr and Mrs R attempted to make a fifth withdrawal and so I am satisfied that Coventry acted in line with agreed account terms and conditions by telling them there would be a charge. I can't see why Mr and Mrs R say that Coventry made a mistake or acted unfairly in those circumstances. I'm also satisfied that the terms and conditions make clear that a withdrawal included internal transfers.

I appreciate Mr and Mrs R say Coventry acted unfairly by including internal transfers as

withdrawals. But I have made clear that I'm satisfied they agreed to the terms and conditions and it's not for Coventry to ensure Mr and Mrs R understood the terms and conditions. I also make clear that it does not matter what other businesses classify as withdrawals as Mr and Mrs R's agreement is with Coventry.

I also appreciate Mr and Mrs R say that Coventry should have warned them about the implications for a fifth withdrawal. I'm satisfied it's up to Mr and Mrs R to monitor and manage their account and it's unreasonable to expect a business to do that for them. And in any event, I can't see how Coventry could know that Mr and Mrs R hadn't appreciated there would be a charge for the fifth transfer. I can see that Coventry correctly wrote to Mr and Mrs R and explained why there would be a charge if they proceeded, which I think is in effect a warning that they had exceeded the allowed withdrawals.

I can see Coventry has offered and paid £200 as a goodwill gesture which Mr and Mrs R accepted. I can also see that it offered £70 for any loss of interest. I'm satisfied Coventry has made clear that the offer was based on Mr and Mrs R being long term customers and that it could have used its discretion, rather than any acceptance it made a mistake.

The only question for me to decide is if that offer is fair and reasonable and if Coventry should backdate interest to the intended ISA opening date. I have made clear that I'm satisfied overall Coventry hasn't made a mistake or acted unfairly. I find Coventry has fairly paid a goodwill amount which was accepted and has fairly offered a further £70. It follows that I don't think it should backdate interest in those circumstances. If Mr and Mrs R wish to accept that further £70, if it has not been paid, then they should contact Coventry.

Overall, I find Coventry acted in line with agreed account terms and conditions and didn't make a mistake or act unfairly. I also find that, despite not making a mistake with its decision on making a charge for exceeding withdrawal limits, it offered a goodwill gesture. I don't think it matters about any taxation rules here as I don't think Coventry made a mistake and so I can't fairly order it to backdate interest in any event.

### **My final decision**

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs R and Mr R to accept or reject my decision before 30 March 2024.

David Singh  
**Ombudsman**