

The complaint

Mr F is unhappy that he encountered difficulty when attempting to transfer money from Coventry Building Society to an ISA he held with another building society. Mr F is also unhappy about several other aspects of the service he received from Coventry Building Society.

What happened

Mr F's complaint involves an attempted transfer between two building societies. The sending building society was Coventry Building Society, against which this complaint is directed, and which I'll refer to as 'CBS'. The other building society, to which Mr F wanted to make the transfer, I'll refer to as 'XBS'.

To briefly summarise: Mr F instructed CBS to transfer money to XBS to fund the ISA he held with XBS. However, CBS explained to Mr F that they couldn't make the transfer because the XBS account details he'd provided weren't in his name. Rather, the XBS account was held in the name of XBS itself, with all XBS account holders making payments into the same account and with personal account numbers, specific to each individual account holder, being included as payment reference numbers which were then used by XBS to distinguish which account movements belonged to which account holders.

Mr F wasn't happy that his CBS account would only allow transfers to 'named' accounts, and not to 'third-party' accounts, such as that operated by XBS. And Mr F also wasn't happy that CBS tried to help him complete the transfer by issuing him a cheque which he hadn't specifically authorised them to do, as well as with the general standard of service he received from CBS's agents. Finally, Mr F wasn't happy that CBS took the decision to end their business relationship with him and to close his account. So, he raised a complaint.

CBS responded to Mr F and confirmed that they didn't feel they'd done anything wrong regarding the difficulties Mr F encountered when trying to transfer money to XBS, or in how they'd sent him a cheque to help him move his money to XBS, or in how they'd chosen to close his account with them. However, CBS did acknowledge that some of the service Mr F had received from their agents hadn't been to the standard Mr F was reasonably entitled to expect. CBS apologised to Mr F for this and made payments totalling £235 to him as compensation for any trouble and upset he may have incurred. Mr F wasn't satisfied with CBS's response, so he referred his complaint to this service.

One of our investigators looked at this complaint. But they felt that CBS's response to Mr F's complaint already represented a fair resolution to what had happened. Mr F remained dissatisfied, so the matter was escalated to an ombudsman for a final 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'd like to begin by confirming that this service isn't a regulatory body or a Court of Law and doesn't operate as such. Instead, this service is an informal, impartial dispute resolution service. And while we do take relevant law and regulation into account when arriving at our decisions, our remit is focussed on determining whether we feel a fair or unfair outcome has occurred – from an impartial perspective, after taking all the factors and circumstances of a complaint into consideration.

I also note that Mr F has provided several detailed submissions to this service regarding his complaint. I'd like to thank Mr F for these submissions, and I hope he doesn't consider it a discourtesy that I won't be responding in similar detail here. Instead, I've focussed on what I consider to be the key aspects of this complaint, in line with this service's role as an informal dispute resolution service.

This means that if Mr F notes that I haven't addressed a specific point he's raised, it shouldn't be taken from this that I haven't considered that point – I can confirm that I've read and considered all the submissions provided by both Mr F and CBS. Rather, it should be taken that I have considered that point but that I don't feel it necessary to address it directly in this letter to arrive at what I consider to be a fair resolution to this complaint.

Mr F feels CBS have acted unfairly towards him because of the difficulties he encountered when trying to transfer money from his CBS account to XBS. Mr F has explained that his main point of complaint in this regard is a lack of compatibility between CBS and XBS. This is because XBS uses a 'third-party' system, whereby money is received into an account in the name of XBS itself and not into an account in an individual name (i.e. not Mr F). Alternatively, CBS operates a 'first-party' system, with CBS having restrictions and only being able to make transfers to accounts held in the name of their account holder (i.e. Mr F) and can't make payments to 'third-party' accounts, such as is operated by XBS.

Mr F is correct that CBS (and XBS) do operate in the manners which he describes. But the fact that CBS do operate in such a manner is a commercial decision which I'm satisfied that CBS are entitled to make.

In this instance, the restrictions CBS have in place regarding the types of accounts they can transfer money to means it simply isn't possible to directly transfer money from Mr F's CBS savings account to his XBS ISA. This is clearly unfortunate, and I don't doubt it has caused Mr F some trouble and frustration. But it doesn't necessarily follow that because Mr F has experienced some trouble and frustration here that he's been treated unfairly or that an unfair act has occurred. Instead, I feel that it's just an unfortunate consequence of the nature of the two building societies involved.

Ultimately, I'm satisfied that CBS are entitled to choose to operate as they do, which includes that Mr F can't make direct transfers to third-party accounts from his CBS account. And I'm also satisfied that it isn't CBS's fault that XBS have chosen (as XBS are themselves entitled to do) to operate in a manner which makes direct transfers from Mr F's CBS account to XBS impossible. And in consideration of these points consequently satisfied that Mr F being unable to make a direct transfer from his CBS account to his XBS ISA is unfortunate for Mr F – but isn't something that I would consider to be unfair.

Mr F has suggested that CBS should liaise with each XBS (and potentially with all other financial institutions) and agree on a compatible system so that customers such as himself don't encounter transfer issues of this nature moving forwards. But it isn't for Mr F to tell CBS how it should operate. Rather, it's for CBS to choose how it operates. And given the inability for Mr F to have made a direct transfer between the accounts, I feel it was for Mr F to have arranged an indirect transfer.

It's notable that CBS suggested an indirect transfer – whereby Mr F would first move his money from CBS to another account which didn't have the third-party account transfer limitations of his CBS account, and then make a second transfer from that other account to his XBS account.

Mr F has said that such an option is clearly unacceptable. But I struggle to see why this would be the case. Mr F was transferring his money to fund an ISA, and so it doesn't appear that his money was already in an ISA wrapper with CBS. As such, it seems reasonable to me that Mr F could have undertaken the indirect transfer via another account as CBS suggested, which I feel would have resolved the issue at an earlier time. And I feel that by missing this opportunity to resolve this issue by completing such an indirect transfer, Mr F himself must be considered to bear some responsibility for the duration of this issue.

It's also notable that the transfer from CBS to XBS was ultimately completed in an indirect fashion – with the issuance of a cheque to Mr F by CBS for the requisite amount, to enable Mr F to deposit that cheque with XBS. However, Mr F has complained that CBS issued the cheque to him, as he feels that he had never specifically instructed them to do so.

I've listened to recordings of several telephone calls between Mr F and CBS, including a call on 23 May 2023, when Mr F discusses the issue of the transfer with CBS and during which Mr F first suggests that CBS might issue a cheque to him as a means of resolution. The CBS agent that Mr F spoke with then explained that they would need to discuss this possibility with a manager as payment by cheque was not something which the terms of the CBS account permitted. However, Mr F didn't want to wait for CBS's agent to discuss the matter with their manager, and the call ended shortly thereafter.

Following this conversation, it's apparent that CBS's agent did discuss the possibility of issuing a cheque to Mr F with their manager, and that this option was approved. Given that Mr F subsequently received a cheque in the post from CBS.

Having listened to the telephone call, Mr F is correct when he states that he didn't explicitly confirm that he wanted CBS to send him a cheque. But I don't think that CBS acted unfairly by doing so. This is because Mr F had suggested that a cheque could be issued. And having made that suggestion but being unwilling to wait on the line while CBS's agent discussed it with their manager, Mr F didn't explicitly confirm that he didn't want a cheque to be issued.

Also given that a direct transfer from Mr F's CBS account to XBS wasn't possible, and that an indirect transfer – such as via cheque – would need to take place, I don't feel it would be fair or reasonable to censure CBS for trying to assist Mr F complete the transfer as he wanted to by sending a cheque to him, as Mr F has himself suggested. And I also note that CBS gave Mr F the option of cancelling the received cheque if he didn't want to use it – which Mr F declined to do.

Mr F is also unhappy that CBS have made the decision to end their business relationship with him and close his account. I can understand why Mr F would be unhappy at this. However, in much the same way as a consumer can choose which financial business it applies to for an account, so a business can choose whether it is willing to provide, or continue to provide, its services to any individual consumer.

A business' right to end a business relationship and close an account is usually stipulated in the terms and conditions of that account. In this instance, CBS's terms cover this point in the section of their account terms titled 'Closing an account', which includes the following:

"We have the right to close your account

... If we do this, we'll give you at least two months' notice...

We may close your account ... straightaway ... for any of these reasons

You've damaged our property or been abusive or threatening to our staff".

CBS maintain that Mr F was abusive to their staff on several occasions. And they sent a letter to Mr F dated 11 September 2023 which gave examples of this and in which they told Mr F that they would closing his account and ending their business relationship with him in two months' time, on 11 November 2023. I've considered CBS's actions here, and I'm satisfied that CBS have acted in line with their account terms by choosing to close Mr F's account and in how they implemented and communicated that decision to Mr F.

Mr F contends that he wasn't abusive to CBS's staff and that what CBS incorrectly consider as being instances of abusive behaviour from him were merely times that he was pointing out instances of poor service that he'd received from CBS to CBS. And Mr F has stated that he feels that CBS are discriminating against him based on him pointing out instances of their poor service to him.

As explained, I've listened to recordings of several phone calls between Mr F and CBS, and having done so, I don't feel that CBS are being unreasonable when they consider Mr F to have behaved in a manner towards their staff which they consider to be abusive and therefore unacceptable. And I also note that CBS warned Mr F about his behaviour towards their staff on several occasions before acting to close his account.

CBS has accepted that on some occasions when interacting with Mr F, its staff did provide customer service to Mr F that was below the standard they aspire to. But having considered all the evidence, I don't feel that CBS have acted in the manner that Mr F contends. Rather, I feel that there was clearly a breakdown in communication on the calls. And Mr F's frustration and tone resulted in calls being fairly terminated by CBS before he received the assistance he wanted. I hope it helps Mr F to know that someone impartial and independent has looked in this aspect of his concerns.

Regarding the instances of poor customer service that CBS accept they provided to Mr F, CBS have apologised to Mr F for these and have made payments totalling £235 to him. This seems reasonable to me, and I can confirm that the compensation payments that CBS have already made are commensurate with what I might have instructed them to pay, had they not already done so. Accordingly, I don't feel that CBS should fairly be instructed to take any further or alternative action here.

All of which means that I won't be upholding this complaint against CBS as Mr F would like. This is because I don't feel CBS have acted unfairly regarding the issue Mr F encountered in transferring his money to XBS, including that CBS issued a cheque to him. And I also don't feel that CBS have acted unfairly regarding the closure of his account. Finally, I feel that the apology and payments of compensation that CBS have already made to Mr F regarding the poor service he experienced already fairly resolves that aspect of Mr F's complaint.

I realise this won't be the outcome Mr F was wanting. But I hope that he'll understand, given what I've explained, why I've made the final decision that I have.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 14 March 2024.

Paul Cooper
Ombudsman