

The complaint

Mr and Mrs G complain Bank of Scotland plc, trading as Intelligent Finance ("IF"), closed their account without properly informing them; unfairly prevented them from switching their account to a new provider; provided poor customer service; and didn't follow its own processes in handling their complaint.

What happened

The details of this complaint are well known by both parties, so I won't repeat them again here in detail. Instead, I'll focus on setting out some of the key facts and on giving my reasons for my decision.

In May 2023, IF wrote to Mr and Mrs G to explain it would be closing their account in two months' time as it was withdrawing all its current accounts. Mr and Mrs G didn't receive this letter as IF had sent it to their old address. Mr and Mrs G had updated IF with their new address earlier that year.

IF say it sent Mr and Mrs G a SMS message about the closure around 1 August 2023, but they say this wasn't received. Mr and Mrs G received notification of their account closure a few weeks later. This was sent to their correct address. Mr and Mrs G say that's when they first learnt about the closure. The letter said that as the direct debits were still active on the account, IF would give Mr and Mrs G a further 30 days' notice before it closes their account.

Unhappy with IF's actions, especially as they hadn't received notice in May 2023 as the letter asserted, they complained. Mr and Mrs G are unhappy they didn't get an acknowledgement of their complaint within five days in line with what they'd seen on IF's website. Nor are they happy that IF didn't call them back as promised.

Later Mr and Mrs G tried to switch their account to a new provider using the Current Account Switch Service ("CASS") – who I'll now refer to as 'Bank X'. Mr and Mrs G were informed by Bank X that it couldn't accept the switch request from a joint account. Because of this Mr and Mrs G asked IF if they could remove Mrs G from their account so it was solely in Mr G's name. IF said it couldn't do this.

Mr and Mrs G feel IF should have done much more to help facilitate the transfer of their account to Bank X especially as it was at fault for not properly notifying them in May 2023, and later, giving them a reduced window to make alternative arrangements. Mr and Mrs G say IF has failed in its duty to meet the standards expected of it under the FCA's Consumer Duty rules.

IF upheld Mr and Mrs G's complaint in part. In summary, the key points it made were:

- IF had made an error by sending the May 2023 notice to close letter to Mr and Mrs G's old address
- As direct debits were still active on the account, IF were happy to extend the closure of the account to allow Mr and Mrs G to switch to a new provider

- Mr and Mrs G were promised a call back from a manager, but this wasn't done. This isn't acceptable and IF apologise for this
- IF hasn't offered new accounts since 2009. And in 2013 and 2015 it wrote to all its customers to explain it wouldn't be making any enhancements to its accounts anymore. So where a joint plan with joint accounts is no longer required, IF cannot proceed with an application for a sole plan and/or account nor remove a party from it
- Under the industry switch guidelines, an account can only be transferred on a like for like basis. So a joint account must be switched to another joint account
- IF offered Mr and Mrs G £100 for the upset and inconvenience its failings caused them

Mr and Mrs G referred their complaint to this service. One of our Investigator's looked into it, and they recommended it wasn't upheld. In short, their key findings were:

- Removing one account holder from the joint account would mean IF setting up a new sole account. IF wrote to its customers in 2013 and 2015 to inform them it couldn't make any enhancements to their accounts. So IF has followed its usual process in not doing so
- They're unsure why Bank X said the account they are switching must be from a sole account as this isn't in line with industry guidelines. So IF hasn't done anything wrong and it wouldn't be expected to reach out to Bank X for clarity
- This service can't consider any complaints about complaint handling as its not a regulated activity

Mr and Mrs G didn't agree with what our Investigator said. In summary, the key points they made in response were:

- IF failed to acknowledge and follow its own process by not acknowledging their complaint within seven days and setting out its complaints process. This is a substantial failure to follow its own procedure. IF ignored their request for a response to their complaint within five days.
- IF failed to respond with urgency when it was apparent Mr and Mrs G had not received the notification of their plan closure
- IF wasn't flexible in finding an adequate solution for their account to be switched
- IF failed to find a 'good outcome' for them and so failed in its requirement under Consumer Duty

Our Investigator informed Mr and Mrs G's that as their IF account was a closed product, it doesn't fall under the scope of Consumer Duty.

As there is no agreement, this complaint has been passed to me to decide.

What I've decided – and why

I'm very aware that I've summarised the events in this complaint in far less detail than the parties and I've done so using my own words. No discourtesy is intended by me in taking this approach. Instead, I've focussed on what I think are the key issues here. Our rules allow

me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

If there's something I've not mentioned, it isn't because I've ignored it. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome. I do stress however that I've considered everything Mr and Mrs G and IF have said before reaching my decision.

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 decided not to uphold Mr and Mrs G's complaint. I'll explain why.

Account closure

IF is entitled to close an account just as a customer may close an account with it. But before IF closes an account, it must do so in a way, which complies with the terms and conditions of the account. The terms and conditions of the account, which IF and Mr and Mrs G had to comply with, say that it could close the account by giving them at least 30 days' notice.

Mr and Mrs G took out an IF plan which meant the account was originally linked to their mortgage - which they took out around 2007. IF stopped offering any new products in 2009. And, as above, they stopped making any enhancements to their accounts to all customers from 2013.

IF is entitled to make commercially based decisions on who it has as customers, in the same way Mr and Mrs G can decide who they take out financial products with. In 2023, IF decided to close all its customers' bank accounts. IF has explained its commercial reasons for doing so, and I'm satisfied it acted fairly.

Communication of closure

IF accept it erroneously sent the notice of closure letter in May 2023 to an old address it held for Mr and Mrs G. IF had been updated in February 2023 by Mr and Mrs G of their new address.

Mr and Mrs G say they didn't get a SMS message and I haven't seen evidence one was sent from IF's internal systems. But they did receive a letter from IF later in August 2023 which said the account would remain open for another 30 days as there were still active direct debits being made from it.

It's fortunate to some degree that IF didn't close Mr and Mrs G's account as it had said it would in August 2023. I also note that the 30 days' extra notice was in line with IF's account terms and conditions. I accept that two months would've have given Mr and Mrs G more time to make alternative arrangements, but as I'll go onto talk about later, I don't think it would have made any difference given the issues they had with switching their account.

Having carefully weighed this up, I'm satisfied IF acted fairly and reasonably, even though it giving 30 days' further notice may have been inadvertent and part of its wider offboarding strategy.

Account switch

CASS is responsible for facilitating account switches. On its website's help page, it says the following about being able to switch a joint account "Yes, as long as both parties agree to the

switch and you are switching to another joint account. It is not possible to use the service to switch a joint account to a sole account”.

Mr and Mrs G say Bank X wouldn't let them switch their IF joint account over to another joint account with it. I note IF explained to Mr and Mrs G they should be able to do so. Mr and Mrs G say IF should have contacted Bank X to help facilitate this, but it is for the corresponding bank to follow industry best practice – which CASS has set out. So I'm persuaded IF acted fairly and reasonably in the actions it did take by informing Mr and Mrs G it ought to be possible.

Mr and Mrs G accept that it might not have been possible for IF to remove one of them from their account. IF has also explained and given me evidence to show why it wasn't able to enhance their account. In short, IF say it would need to set up a new account to do so. Given IF had made it clear it wasn't able to do anything new with its accounts from 2013, I'm satisfied it hasn't done anything wrong in saying it can't affect the change Mr and Mrs G wanted.

Mr and Mrs G say that more flexibility and support should have been given by IF. But, on balance, I'm not persuaded leaving the account open longer would have made a difference given the issues with switching the account and what Bank X had said about this.

Customer service and complaint handling

IF accepted in its final response that it had made an error in sending the May 2023 letter to the wrong address and that it failed to call Mr and Mrs G as promised. Because of this it offered Mr and Mrs G £100 for the distress and inconvenience this caused.

Our Investigator said this service couldn't look at any complaint points related to complaint handling as it isn't a regulated activity. But as its ancillary, and related to the underlying regulated activity here, I'm satisfied it's something I can consider.

Mr and Mrs G are unhappy that their complaint wasn't acknowledged within five days and that IF's complaints process wasn't detailed to them as they had expected having read what it said on its website.

Mr and Mrs G say they complained after they received the correctly addressed closure notification on 23 August 2023. IF's final response letter is dated 10 October 2023, some six weeks after the complaint was raised. I can see why Mr and Mrs G are unhappy that they didn't receive an acknowledgement – that would've been best practice. But given they were given a final response to their complaint points within eight weeks, which is what it is obligated to do, I'm persuaded this hasn't caused Mr and Mrs G detriment to the extent that further compensation should be awarded.

Principle to this is that they already knew the account switch wasn't possible in the way Bank X had asked them. So they would have had to switch any active direct debits manually.

I note Mr and Mrs G say IF has failed to reach a good outcome for them under the principles of the FCA's Consumer Duty. I'd like to assure them that in considering what I think is fair and reasonable I've taken into account all relevant law and regulations, applicable regulator's rules and guidance, code of practice and where appropriate what I consider to have been good industry practice at the time.

As the IF account was a closed product as defined by the Consumer Duty rules, Consumer Duty isn't something that I need to consider here. Lastly, IF had offered Mr and Mrs G £100 for the distress and inconvenience for the failings it had identified. I don't think it needs to do

anymore.

My final decision

For the reasons above, I have decided not to uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs G to accept or reject my decision before 28 August 2024.

Ketan Nagla
Ombudsman