

The complaint

The trustees of a trust, which I will refer to as T, complain about the way The Royal Bank of Scotland Plc carried out a Business Profile Review of its bank account.

What happened

T is a pension scheme, originally set up for the benefit of the directors of a limited company I will call J. J was later dissolved, and no longer appears on the register of companies at Companies House.

RBS told us:

- In early 2022 it began a Business Profile Review of T's account. It initially wrote to J to ask for further information, but did not receive a response.
- It eventually discovered that the bank account at the centre of this dispute had been set up in J's name, rather than in the names of T's trustees. That was a bank error, and not an error by T's trustees. It accepts that its service was below the expected standard.
- One of the consequences of its error was that it asked T's trustees to provide additional copies of evidence that it already had.
- T's trustees requested £10,000 in compensation for the distress and inconvenience they suffered. The bank paid a total of £1,000 for poor service (£200 initially and then a further £800). It also paid £2,850 to cover costs. It is satisfied that the compensation it has already paid is fair.

T's trustees told us:

- One of the trustees spent many hours on phone calls, emails, visits to RBS branches in unsuccessful attempts to solve the problem, and in instructing professional advisers to obtain their help. That trustee suffered immense distress and inconvenience as a result, and he is grossly insulted by the suggestion that £1,000 represents satisfactory compensation for what RBS has put him through.
- They have provided invoices for the fees the trustees incurred (some of which were charged by the trust's professional trustee). Those invoices amount to nearly £7,000, and they believe RBS should pay the full amount.

One of our investigators looked at this complaint, but did not uphold it. She said she wasn't satisfied that the professional fees T's trustees are claiming were incurred solely because of RBS's errors. Overall, she didn't think it would be fair for her to recommend that RBS pay anything more.

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, whilst I am sorry to further disappoint the trustees there is very little I can add to what our investigator has already said.

Banks in the UK are strictly regulated, and must take certain actions in order to meet their legal and regulatory obligations. They are also required to carry out ongoing monitoring of new and existing relationships. That sometimes means – as in this case – that a bank chooses to carry out a review of an account.

In principle, I therefore have no concerns about RBS's decision to review T's account. That review will inevitably have caused some inconvenience to the trustees, and will also have required them to incur some costs. But given that I don't think RBS made a mistake in carrying out the review, I cannot award compensation for the costs T's trustees incurred in complying with it.

I can award compensation for any additional costs the trustees incurred as a result of RBS's mistake. Here, RBS made a serious mistake. It confused T with J, which meant that it repeated requests for documentation and the review process as a whole took much longer than it should have done.

I have carefully considered the evidence the trustees have provided, including the invoices, and I have noted that some fees were written off (meaning that the invoices I have seen cover the fees T was charged *after* the write off). Having done so, I am satisfied that the payment RBS has already made is sufficient to cover the additional costs caused by RBS's mistake. I acknowledge that RBS has not paid for the whole of the costs T incurred in dealing with this matter, but I think that is fair given that RBS was entitled to carry out the review.

I agree that RBS's service here has been exceptionally poor, and that its poor service will have had a significant impact on the trustees. The Financial Ombudsman Service will generally make an award of £1,000 where a business's mistake has caused substantial distress, with serious disruption to daily life over a sustained period. Having considered all of the evidence provided, including everything the trustees have said, I don't think it would be fair for me to order RBS to pay more than the £1,000 it has already paid in respect of distress and inconvenience. I am sorry that the trustees found that amount insulting, but in light of the circumstances here I cannot say that it is unfair.

My final decision

My final decision is that The Royal Bank of Scotland Plc has already done enough to resolve this complaint. I do not require it to take any further action.

Under the rules of the Financial Ombudsman Service, I'm required to ask T to accept or reject my decision before 22 April 2024.

Laura Colman
Ombudsman