

## The complaint

Mr D has complained that The Royal Bank of Scotland Plc, previously trading as Child & Co (“RBS”), didn’t provide any support to him when he tried to downgrade his fee-paying packaged account to a fee-free account. Mr D says he wanted to do this as he was experiencing financial difficulties during the pandemic.

## What happened

Mr D held a fee-paying Select Platinum packaged bank account. This is an account that incurs a monthly fee in return for a package of benefits. The account was previously provided by RBS under its private banking trading name of Child & Co. However, RBS stopped using that trading name in 2022.

Mr D says he approached RBS a number of times in 2020, 2021, 2022 and 2023 to request that his packaged account be downgraded. He also says that he told RBS that he was experiencing financial difficulties, but he says it refused to provide him with any assistance.

Mr D complained to RBS in August 2023 about its handling of matters. RBS issued its final response letter on 5 October 2023. It accepted that at some point in 2022, Mr D had asked for financial help and this was not offered, resulting in Mr D’s account going into arrears.

To put matters right, RBS agreed to pay Mr D £180, representing half of the packaged account fees charged since 1 January 2022, excluding any unpaid fees. It also refunded £188.67 in overdraft interest – which represents the overdraft interest that Mr D had paid since 7 October 2020. RBS also paid £200 compensation for the distress and inconvenience caused to Mr D. RBS also said that if Mr D has any concerns about Child & Co, he would need to contact ‘them’ directly.

Unhappy with the response, Mr D referred his complaint to this service. One of our senior investigators assessed the complaint, and they initially didn’t think that RBS needed to do anything more than what it had already done to put matters right.

However, as it became apparent that Mr D was still being charged his packaged account fees, the investigator recommended that RBS refund the account fees charged since October 2023 and recommended that it pay interest at a rate of 8% simple annual interest, less tax, on those fees.

RBS responded and agreed to refund £54 of account fees as a gesture of good will, but didn’t think that it should also pay compensation as it says there was no evidence of bank error.

Mr D didn’t agree with the senior investigator’s conclusions, so the matter was referred for an ombudsman’s decision.

I issued a provisional decision on 25 March 2024, explaining why I was minded to reach a different outcome to the one reached by the senior investigator. I have included an extract of my provisional decision below and it forms a part of this decision.

### ***“What I’ve provisionally 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 reviewed everything, I intend to uphold this complaint. I will explain why.*

#### ***Child & Co***

*It seems that a central aspect to this complaint is that RBS staff, including its complaints department, have limited access to, and awareness of, its Child & Co systems. This is made quite clear in RBS’ final response letter whereby RBS directed Mr D to contact Child & Co – even though Child & Co is just a trading name of - and therefore a part of - RBS (rather than it being a separate legal entity). Furthermore, RBS’ lack of awareness of its Child & Co operations is also evident when, in the final response letter, RBS told Mr D to contact Child & Co - even though RBS had already ceased its Child & Co operations (as a trading name at least) in June 2022, apparently without Mr D even being aware that was the case.*

*Therefore, I think RBS’s lack of awareness of its Child & Co operations as seen in its final response letter is indicative of the difficulties Mr D likely faced when contacting RBS branches for help over the last few years. Based on what I have seen, I think Mr D likely did contact RBS on at least some of the dates he has provided, and that his requests for support weren’t appropriately dealt with. His testimony around when he contacted RBS has been clear, consistent and persuasive.*

#### ***Financial difficulties***

*Mr D says that he repeatedly approached RBS for financial support since April 2020, but says RBS refused to offer him any support. From what Mr D has said, I understand that the refusal to provide support was based on the fact that his account was a Child & Co based account. Whereas RBS says that it has no evidence that Mr D had told it that he was suffering from financial difficulties – although RBS says it has very limited information available from its Child & Co systems.*

*When looking into the complaint, it seems that RBS gave Mr D the benefit of the doubt and concluded that he likely did ask for help, although it says this was at some point in 2022, rather than in 2020 when the consumer says he first reached out to RBS.*

*As a result, RBS refunded half of the packaged account fees Mr D had paid since January 2022. It also paid £200 compensation for any distress and inconvenience caused and also refunded £188.67 of interest that had been charged on Mr D’s account since October 2020. In the circumstances, I think that RBS could’ve done more to put matters right.*

#### ***Packaged account fees***

*In terms of the packaged account that Mr D had, from everything I have seen, it does seem, due to changes in Mr D’s circumstances, that he no longer had a particular need for the packaged account. Furthermore, it seems plausible that Mr D’s need for the Select Platinum insurance benefits would’ve also been greatly reduced from when the pandemic restrictions came into affect – which was not long before when Mr D says he first enquired about downgrading.*

*Mr D said that he repeatedly asked to downgrade his account, but says that on each occasion, the RBS branch staff said they could not help him. I understand this was because his account was operating under the Child & Co name and had a Child & Co sort code. As RBS' complaints team couldn't access its Child & Co records, it does seem plausible that the branch staff also faced the same issue and gave this as a reason why they could not help.*

*Although the account may've been categorised as being a Child & Co account (i.e. was registered at a Child & Co sort code), the account was still an RBS account. It was a Select Platinum account - which is an RBS branded packaged account. And to access the account, Mr D used the RBS banking app. So in the circumstances, I think that RBS should've, and could've, done more to help Mr D. Had RBS provided the support that I think it should've provided (and eventually did, after Mr D had raised the complaint) – to either assist Mr D in downgrading or providing him with the contact details of who to contact to downgrade - I do think that Mr D would've downgraded his Select Platinum account to a fee-free account much sooner than he did. Therefore, had things gone as they should've, I think Mr D's Select Platinum account would've likely been downgraded in April 2020, which is when he says he first asked about doing so.*

*Therefore, I currently think that the offer to refund half of the fees going back to 1 January 2022 doesn't go far enough. Instead, I think that all of the packaged account fees that Mr D paid, going back to April 2020, should be refunded back to him. And as Mr D has not had the benefit of that money in that time, I think that RBS should also pay 8% annual simple interest (less tax) on those fees too.*

#### *Overdraft interest refunded*

*Turning now to the overdraft interest, RBS has already refunded the overdraft interest that has been charged on Mr D's account since October 2020 – which came to £188.67. Having looked through Mr D's bank statements, I think this was reasonable and I don't think RBS needs to make a further award in relation to this aspect of the complaint. I say this because, had RBS been able to offer assistance to Mr D when he'd first asked for it, waiving overdraft interest would've been one such way to do so.*

*I recognise that Mr D says he first contacted RBS in April 2020, rather than in October 2020. But between the two dates, the account was largely in credit most of the time. And where Mr D's account did go overdrawn and was charged interest, it was for minimal amounts e.g. £1.49 applied on 7 May 2020, £2.91 applied on 8 June 2020. And in that time Mr D was still able to bring the account back into a credit balance within a reasonable amount of time. So I don't think it's unreasonable if these interest payments weren't refunded.*

*There was a period of around six months, starting in February 2023, where Mr D stopped using the account. I understand that this was unfortunately due to Mr D experiencing ill health. The only transactions that appeared in that time were the packaged account fees (labelled as "CHG TO") and overdraft interest. However, RBS did contact Mr D about this, as the account appeared to have become dormant with an overdrawn balance. When it did this, RBS stopped interest being applied to the account and wrote to Mr D again in early August 2023. Following this, Mr D raised his complaint, whereby RBS immediately refunded £188.67, which represented all of the interest that he'd been charged since October 2020 (including the interest charged since February 2023). So I think that RBS took reasonable measures to address the*

*inactivity on the account. I also think the refund of overdraft interest that Mr D had been charged was a reasonable way to put right the lack of support that Mr D says he'd received regarding his finances since April 2020.*

### *Compensation*

*Finally, in regards to the award for distress and inconvenience, RBS has already paid Mr D £200.*

*Mr D is unhappy with this amount and has asked for £25,000 compensation. Mr D says that RBS's inability to provide assistance led to him to suffer from severe mental health conditions which led to some very difficult circumstances for him – which he has told this service about in some detail.*

*I'm sorry to hear about Mr D's circumstances. It's clear that Mr D was experiencing very difficult circumstances, both in terms of his loss of income, the dispute that he says he had with a third party, having to sell his property and also the impact on his health caused by those issues. However, when deciding what compensation is fair here, I have to focus on the distress and inconvenience caused specifically by RBS' acts or omissions.*

*I can see that RBS' repeated refusals to assist Mr D with his requests (to downgrade and also for assistance) was clearly very frustrating for him. RBS has already paid Mr D £200 compensation. However, I am persuaded that Mr D had asked for help a number of times when visiting bank branches (he says he asked around 22 times) and given the amount of time that this matter went on for, I do think that further compensation is warranted.*

*When considering how much more is warranted, I have taken various factors into account. For example, I note that Mr D was suffering from poor mental health and was dealing with very difficult changes in his circumstances. So I recognise that the repeated failures to provide help at such a time would've had a greater impact on Mr D, than it otherwise would've.*

*I've also taken into account how Mr D managed the account between April 2020 and when he complained in 2023. On the whole, Mr D was fortunately still able to manage his account well for most of the period in question. When the account went overdrawn, it typically remained within the agreed limit. And he was often able to pay money in to the account to bring it back into credit. So although Mr D says he was experiencing financial difficulties at the time, fortunately RBS's failure to deal with his requests for help did not lead to his account spiralling into an ever increasing overdrawn balance, or the levels of interest and charges on his account spiralling out of control.*

*So in the circumstances, I currently think that RBS should pay a further £300 compensation, to bring the total amount of compensation to £500. I think this better reflects the impact that RBS's failure to assist had on Mr D.*

*As Mr D has asked for £25,000 compensation, I recognise that Mr D will clearly be unhappy with this amount. However, I do think that £500 is fair, and reasonably reflects the impact RBS's failure to assist had on him. I say this bearing in mind that, I can't say that RBS should be held responsible for the clearly distressing matters that Mr D was already dealing with, that were unrelated to RBS.*

### *Downgrading*

*Since complaining in August 2023, I understand that Mr D was charged further monthly packaged account fees in the months that followed his complaint, until the account was downgraded in January 2024. The investigator recommended that all further account fees charged after August 2023 be refunded, and 8% simple annual interest, less deductible tax, be awarded on these account fees too.*

*RBS agreed to refund fees, but did not agree to pay compensatory interest on the refunded account fees. It says it had not made an error during Mr D's financial health check in June 2023 (where RBS explained to Mr D how he could downgrade). However, Mr D says he was unable to downgrade his account himself online and was only able to do so when he visited RBS again, in branch, in January 2024.*

*I agree with the investigator's assessment that the account fees incurred up until the account was downgraded should be refunded, with 8% simple interest. I say this because, had Mr D been given the same downgrade information and support in the June 2023 visit, that he was given in January 2024, I think Mr D would've in all likelihood downgraded his account to a fee-free account in June 2023 and therefore avoided incurring any further packaged account fees.*

#### *Other issues*

*Finally, I can see that Mr D has raised a number of other points, that I will address. Mr D says that he had a dispute with another bank and has asked if this had any influence over how RBS dealt with him. But based on everything I have been provided with, I can't say that it adversely affected how RBS dealt with Mr D and his account.*

*Mr D has said that he witnessed racist behaviour by RBS staff towards another customer. However, although it is deeply concerning to hear this, I can't address that matter here as I can only consider matters directly related to Mr D and not matters relating to other customers. It would be up to the person who was the victim of the alleged abuse to raise a complaint with RBS.*

*Mr D has also said that his political views surrounding the Brexit referendum should not influence the management of his account. But I don't think that they did. I can see that Mr D chose to tell RBS in an email sent in August 2023, how he voted in the Brexit referendum. Quite why Mr D mentioned this or what relevance it had to his complaint about his bank account, is not clear to me. But I can't see how RBS would've known about this beforehand. So I can't say that his political views had any impact on how his account had been managed by RBS. Nor can I see in any of the evidence provided by RBS that this point has had any relevance whatsoever to how RBS administered his account afterwards either.*

*Mr D has also questioned why RBS chose to close down its Child & Co operations. However, it is up to RBS to decide how it operates as a bank. It is beyond the remit of this service to say whether RBS's decision to close its Child & Co operations was fair and reasonable. But that being said, it does seem as though RBS failed to communicate to Mr D about the changes it was making to its Child & Co operations, which I do think was unreasonable. Although, apart from issues I've already addressed above, it does seem that Mr D was fortunately still able to continue to use RBS branches and RBS's online banking services to carry out his day-to-day banking activities after it'd been closed down. So I don't think that further redress, beyond what I've stated in this decision, is warranted.*

*As a final point. I note from the bank statements provided, that after raising his complaint, Mr D resumed using his account, including operating it within an overdraft. If Mr D is continuing to experience financial difficulties, he should contact RBS to discuss what support it can provide going forwards.*

### **Putting matters right**

*So based on what I have seen so far, I think that the refund of overdraft interest that RBS has already paid to Mr D is reasonable. But to put matters right, I currently think that RBS also needs to:*

- *Calculate all of the packaged account fees that Mr D has paid since April 2020, and then add 8% simple annual interest (less any deductible tax) on those fees. The interest should be calculated from the date each fee was paid, until the date of settlement.*
- *Once RBS has calculated the total amounts above, it should then deduct any refunds of packaged account fees it has already paid to Mr D, and pay Mr D the difference; and*
- *Pay a further £300 to Mr D for the distress and inconvenience caused to him by this matter.”*

After issuing my provisional decision both RBS and Mr D responded.

RBS said that it accepted the findings of my provisional decision. Mr D responded with a number of points, many of which he'd already said before and that I had already considered prior to my provisional decision. I have taken everything he has said into account, but in summary Mr D:

- Says RBS's failure to help him caused him financial loss which led to him suffering from incredible stress which resulted in depression and resulted in him attempting to take his own life at one point.
- Says RBS did not have full access to its Child & Co systems.
- Says that he'd provided proof his account was a Child & Co account.
- Points out a number of dates of when Child & Co was integrated with RBS and said that ultimately Child & Co is partly owned by the government.
- Asks a number of questions about the legal and regulatory arrangements regarding Child & Co.
- Questions why the investigator questioned his statement regarding getting help from the government during covid.
- Says RBS should pay him interest on the packaged account fees at a rate of 39.39% compounded rather than 8% simple interest.
- Was not sure if Brexit played a part in his complaint or not.
- Says that the Financial Ombudsman Service should refer RBS to the FCA for disposing of an asset, when RBS is partly owned by the UK government.
- Says that the compensation should not be a lump sum but a multiple of the redress being paid to him.

### **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.

Firstly, I would like to clarify that I am not going to specifically address all the points that Mr D has raised in response to my provisional decision. Though I would like to assure Mr D that

I have considered them all. What I will refer to in this decision is what I believe to be the relevant points that form the crux of this complaint.

Having carefully considered everything again, including Mr D's response to my provisional decision, I remain of the view that RBS should put matters right in line with what I said in my provisional decision.

In terms of Mr D's comments about his change in personal circumstances since April 2020, whilst I'm sorry to hear about what happened, I would like to assure Mr D that I had taken what he'd said into account, before I issued my provisional decision. Indeed, that was why I upheld the complaint and thought more compensation was warranted.

However, as I said in the provisional decision, I have to focus on the distress and inconvenience *caused specifically by RBS's acts or omissions*. As such, I can't reasonably say that RBS should pay Mr D compensation for the severe impact that the dramatic loss of income and him sadly losing his house had on him. What I did consider though, was the added distress and inconvenience caused to Mr D by RBS not providing him with the assistance it should've provided about downgrading his current account, during what was already a distressing time for him.

Mr D says that RBS did not have full access to its Child & Co systems. However, this is not something I am disagreeing with. I acknowledged in my provisional decision that the complaints staff did not appear to have access to Child & Co systems. And so, based on Mr D's testimony, I concluded that this was likely the case with branch staff too, and was partly why I upheld the complaint.

Mr D has raised a number of points about Child & Co, and asked a number of questions too – such as asking when RBS fully integrated Child & Co into its systems. However, I won't be addressing these points here. That is because I am required to consider whether RBS did anything wrong or acted unfairly or unreasonably, and if so what it should do to put matters right. As I said in the provisional decision, it is beyond the remit of this service to say whether RBS's decision to close its Child & Co operations was fair and reasonable.

Turning now to Mr D's comments about the compensation, he says that it should be calculated as a multiple of the redress to be paid. However, that is not how this service typically awards compensation for distress and inconvenience caused by a financial business not getting things right. Instead, our approach is to award lump sum payments. And the reasoning I provided in my provisional decision has not been changed by any of the points that Mr D has raised in his response to the provisional decision. Therefore, I remain of the view that an additional £300 is fair, as that would bring the total amount of compensation to £500 for the distress and inconvenience caused – which I think is a fair one in the circumstances.

Finally, instead of awarding 8% simple interest on the refund of the packaged account fees, Mr D says that that it should be paid at a rate of 39.49% compound. With this being the interest RBS charged on unarranged overdrafts in 2022.

I have considered this point, but I don't agree that such an interest rate should apply. I say this because firstly, Mr D's account was not always overdrawn since April 2020. Indeed, often his account was in a credit balance. So Mr D was not actually always charged overdraft interest on the packaged account fees since then (and even when he was, it may not necessarily always have been at a rate of 39.49%).

Secondly, RBS has already refunded the overdraft interest that Mr D was charged since October 2020. Included in this refund was any interest that may have been charged on the

packaged account fees when Mr D's account had been overdrawn. So, he's already been refunded the interest that he is now asking RBS to pay.

Finally, the compensatory interest rate I awarded in my provisional decision was to reflect the fact that Mr D did not have the benefit of the money (that he was charged in packaged account fees), since each fee was deducted from his account. In my view, awarding 8% annual simple interest, less tax, is a fair way to reflect the loss of benefit of that money – and is in line with what this service would usually award in such circumstances. Furthermore, I have not seen anything that is specific to this case that warrants me to deviate away from our standard approach to compensatory interest.

As such, I remain of the view that although RBS's refund of overdraft interest charged since October 2020 was fair, I think it could've provided better support when Mr D had asked about downgrading his packaged account in April 2020.

### **Putting things right**

So to put matters right, RBS also needs to:

- Calculate all of the packaged account fees that Mr D has paid since April 2020, and then add 8% simple annual interest (less any deductible tax) on those fees. The interest should be calculated from the date each fee was paid, until the date of settlement.
- Once RBS has calculated the total amounts above, it should then deduct any refunds of packaged account fees it has already paid to Mr D, and pay Mr D the difference; and
- Pay a further £300 to Mr D for the distress and inconvenience caused to him by this matter.

### **My final decision**

Because of the reasons given above and in my provisional decision, I uphold this complaint and require The Royal Bank of Scotland Plc to do what I have outlined above, to put matters right, in full and final settlement of this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 9 May 2024.

Thomas White  
**Ombudsman**