

The complaint

Mrs T complains The Royal Bank of Scotland Plc (“RBS”) closed her account without explanation. Mrs T also complains that RBS has provided poor customer service and caused considerable delay in returning her funds by not sending her a cheque as promised.

Mrs T says the matter has caused her substantive distress and inconvenience.

What happened

Mrs T is represented by her husband, Mr T, but to keep matter simple I will mainly refer to ‘Mrs T’ in my decision.

Following an internal review, RBS sent Mrs T notice of its intention to close her savings account on 30 December 2022. RBS gave Mrs T two months’ notice saying the account would be closed on 28 February 2023 – specifically, it said the account will no longer be able for her to use on a day-to-day basis.

Mrs T was told it was easier for her to move her funds herself, but if she had not done so by 28 February 2023, it could help her with this.

Mr and Mrs T say they were abroad at the time, and when they visited the UK in January 2023, they couldn’t withdraw the funds as RBS’ branch was closed on the day they visited. Mr and Mrs T say they were only in the UK for a short stay.

Mrs T says the notice to close letter informed her that the balance of the account would be sent to her by cheque, but this never happened. Mrs T says she exercised RBS’ policy, as stated in the closure letter, that she would receive a cheque for any balance up to £20,000.

After February 2023, Mrs T’s account was frozen, but the funds had not been released. Mrs T says she then contacted RBS on several occasions thereafter but couldn’t get her funds retrieved.

Unhappy with RBS’ actions, Mrs T complained. In its responses of May 2023, and in summary, RBS said:

- RBS has followed its processes correctly. Mrs T’s account has been frozen, and it doesn’t need to give an explanation. Mrs T’s funds are safe with RBS
- RBS has let Mrs T down and it apologises that she’s not received the high standard of service she should expect
- RBS doesn’t yet have an account closure date and it can’t provide an exact date the funds can be released
- But RBS sent Mrs T a letter in December 2022 that her account would cease to operate by February 2023. And as Mrs T didn’t move her funds from the account by then, RBS isn’t able to release her funds until its checks are completed

- RBS has an operational delay which is why the account hasn't been closed yet

Mrs T referred her complaint to this service. The funds were released by RBS' account closure transfer process as initiated by Mrs T in June 2023.

One of our Investigator's then looked into Mrs T's complaint. They recommended the complaint be upheld in part. Their key findings were:

- RBS is entitled to close customer accounts, and they're satisfied with its reasons to do so
- The notice of closure said there were three ways the funds could be released if they weren't collected by the closure date. They can't share the reason for the delay in returning the funds, but it wasn't entirely fair.
- As Mrs T's savings account stayed open for some time, and as she was without the funds, RBS should pay her the account interest from 28 February 2023 until June 2023 – if it hasn't already
- Being without her funds in this way would've caused Mrs T distress, and she contacted RBS many times about this. RBS should've released the funds much sooner. This would've caused Mrs T inconvenience. So RBS should pay £150 in compensation
- RBS isn't obligated to provide reasoning

Mrs T didn't agree with what our Investigator said. Mrs T said she needs to know what caused the delays and that £150 isn't acceptable compensation. Mrs T also said that RBS should apologise for its conduct, incompetence, and disrespect to a long-standing customer.

Our Investigator explained that regulated businesses are able to provide information to this service in confidence – and this is in line with the rules we follow. Because of that, they can't share any of the reasons RBS acted in the way it did. Our Investigator also said the compensation award they recommended was in line with our service's approach.

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

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've decided to uphold this complaint in part. I'll explain 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 Mrs T and RBS have said before reaching my decision. It's important to note, my decision focuses only on RBS' actions regarding Mrs T's savings account.

Banks in the UK, like NatWest, 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 an existing business relationship. That sometimes means RBS needs to restrict, or in some cases go as far as closing, customers' accounts.

From the information I've been provided by RBS, I'm satisfied it acted in line with these obligations when reviewing Mrs T's account.

RBS is entitled to close an account just as a customer may close an account with it. But before RBS 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 RBS and Mrs T had to comply with, say it could close the account by giving her at least 60 days' notice. And in certain circumstances it can close an account immediately or with less notice.

RBS notified Mrs T it was looking to close her account in 60 days' time. RBS has provided me with an explanation and supporting evidence as to why it took this decision. Having carefully considered this, I'm satisfied it has acted in line with the terms and conditions of the account in doing so.

I know Mrs T would like a detailed explanation for all of RBS' actions, including any delays, but it is under no obligation to do so. I can understand why Mrs T feels so strongly about this, but our rules allow us to receive evidence in confidence. We may treat evidence from banks as confidential for a number of reasons – for example, if it contains security information, or commercially sensitive information. Some of the information RBS has provided is information we consider should be kept confidential.

This brings me to a key issue of this complaint; that is, RBS failed to send Mrs T a cheque for the remaining balance after the date all account activities were going to cease on 28 February 2023. Mrs T says that RBS' notice to close letter said a cheque would be sent in this way.

I've looked carefully at this letter and note it says:

"It's much simpler and quicker to move your balances yourself, but if you have not made any arrangements by 28 February 2023, we will help you do this.

We will return your money in one of three ways; via cheque, our Payit service, or for larger balances it will be via our reclaims process.

- *Payit allows you to receive money straight into your new bank account. If you are eligible for Payit, you will receive an email followed by a verification text, so please let us know if your email or mobile details have changed recently. Please also keep this letter as you'll need the reference number which is printed at the top of this letter.*
- *Where it is not possible to use our Payit service, for example your money is held in a joint account or you are a business with multiple signatories, we are able to return funds up to £20,000 via cheque.*
- *Any remaining balances will be held by us, and it will be necessary for you to follow our reclaims process, including providing proof of your address and identification. It can take up to 28 days after account closure for the reclaims process to begin"*

Having carefully reviewed this wording, I'm not persuaded that it says Mrs T would be sent a

cheque automatically after the 28 February 2023. I also think around two months was a reasonable period in which Mrs T could have removed her funds. Though I appreciate she was abroad at the time.

Mrs T says she contacted RBS' relevant team on several occasions after the February 2023 date to tell them she wanted a cheque sent to her, but they couldn't help her with this. So to my mind, the question I need to consider here is whether RBS acted reasonably here.

I should add however that I haven't seen conclusive evidence that Mrs T contacted RBS shortly after the February 2023 date in the way she says she did. Nor have I seen sufficient evidence of all the conversations and any internal contact notes from RBS. But Mrs T has been consistent and plausible about this throughout her submissions – and RBS accept it has caused operation delays and provided poor customer service.

I also think that releasing the funds in June 2023, is an excessive delay. So taking this altogether, I'm satisfied that RBS should have released the funds much sooner. Mrs T has said the funds were being saved to buy a new car in the event their current one become unroadworthy. Fortunately Mrs T wouldn't have needed to utilise these funds as she didn't need to buy a new car during the time she was without her funds.

So I think its most likely Mrs T would have continued to keep her funds in a savings account. Because of that, I'm satisfied RBS should pay Mrs T the savings interest rate on her funds from 28 February 2023 up until they were released to her – that is of course if it hasn't already done so.

RBS apologised to Mrs T for its poor service and the delays it caused. So I don't think it needs to do more in relation to making an apology. It hasn't after all done anything wrong in deciding to close the account.

Mrs T says RBS' actions have caused her distress and inconvenience. RBS accept its has provided poor customer service. I'm satisfied that it has too, especially in terms of how it has communicated with Mrs T and failed to take timely action in relation to releasing the funds to her in the format she required. This would no doubt have caused Mrs T inconvenience and distress.

Its important that any award I make is only in relation to the poor customer service which includes the poor communication. That's because RBS hasn't done anything wrong in closing the account. I've already said what it needs to do to compensate Mrs T for the deprivation of her funds.

I also think that any distress is mitigated by Mrs T not requiring her funds for any emergency or earmarked purpose. Having carefully weighed this up, I'm persuaded £150 is fair compensation and that it's in line with our service's guidelines.

Putting things right

To put things right, RBS must:

- Pay the prevailing interest rate on Mrs T's savings account from 28 February 2023 up

until the date the funds were released to Mrs T*

- Pay Mrs T £150 compensation

*If RBS considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mrs T how much it's taken off. It should also give Mrs T a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

My final decision

For the reasons above, I uphold this complaint in part. The Royal Bank of Scotland Plc must now put things right as directed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs T to accept or reject my decision before 6 May 2024.

Ketan Nagla
Ombudsman