

The complaint

Mr W is unhappy that Bank of Scotland plc, trading as Intelligent Finance made the decision to no longer provide current accounts.

What happened

Mr W holds an offset mortgage with Intelligent Finance. Mr W also holds a savings account and held a current account with Intelligent Finance which were opened alongside the mortgage, and which could be used for mortgage offsetting purposes.

In October 2023, Intelligent Finance wrote to Mr W and gave him notice that they would be closing his current account in February 2024. Mr W wasn't happy about this and felt that the terms of the mortgage offer from Intelligent Finance included that they were obliged to provide him with a current account. So, he raised a complaint.

Intelligent Finance responded to Mr W and explained that they'd taken the commercial decision to no longer provide current accounts and were closing all current accounts held by any and all of their customers. Intelligent Finance also explained that Mr W could continue to use his Intelligent Finance savings account for mortgage offsetting purposes.

Intelligent Finance also explained that they had looked at what benefit might have been generated by Mr W using his current account for mortgage offsetting. Intelligent Finance calculated this as being £138 over the five years remaining on Mr W's mortgage – based on the offset generated over the previous twelve months – and offered Mr W a payment of £200 as compensation for not being able to obtain that benefit. Mr W wasn't satisfied with Intelligent Finance's response, so he referred his complaint to this service.

One of our investigators looked at this complaint. They felt Intelligent Finance's response to Mr W's complaint already represented a fair resolution to what had happened. Mr W 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 note that Mr W feels that Intelligent Finance are legally obliged to provide a current account to him. However, 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.

This means I'm unable to decide whether Intelligent Finance are legally obliged to provide a current account to Mr W as he contends. Instead, I've considered this aspect of Mr W's from a fairness perspective, as per the remit of this service. If Mr W would like a decision on the

legality of Intelligent Finance's actions, he would need to obtain this through a Court of Law.

From a fairness perspective, I don't feel that there's anything in the mortgage offer Mr W received from Intelligent Finance that fairly or reasonably compels them to provide a current account to Mr W as Mr W believes is the case. Mr W has specifically referenced section twelve of the mortgage offer. But section twelve of the mortgage offer as provided by both Intelligent Finance and Mr W reads as follows:

"Linked current account

You can, but no not have to have a current account jar in the same Intelligent Finance plan as your mortgage...

With your Intelligent Finance plan you can benefit from offsetting. This works in the following way – if you have money in a current account jar in the same Intelligent Finance plan as your mortgage, you can..."

Mr W has said that section twelve of the mortgage offer clearly states that a current account will be provided to him by Intelligent Finance to enable offsetting facilities. But, in consideration of the above, I haven't seen anything in the mortgage offer that I feel corroborates Mr W's position in this regard. Rather, I feel that the mortgage offer clearly explains that Mr W can, but does not have to, have a current account linked to his mortgage.

Intelligent Finance have also explained to Mr W that he doesn't have to have a current account linked to his mortgage to benefit from offsetting purposes, and that he can continue to benefit from offsetting via his Intelligent Finance savings account, which remains open.

Mr W has explained that his personal money management preferences make the use of a savings account as opposed to a current account less favourable for him, and he's provided an explanation of why this is the case.

Having considered Mr W's explanation, I can understand why he would prefer that Intelligent Finance be instructed to provide a current account to him. But Intelligent Finance have made the commercial decision to no longer provide any current accounts to any of their customers. And, ultimately, I'm satisfied that this is a commercial decision that Intelligent Finance are entitled to make.

So, while I accept that it's unfortunate for Mr W that Intelligent Finance have made the decision to close his current account, I don't feel that it's unfair. And I note that Intelligent Finance provided Mr W with four months' notice that his account would be closed, which I feel is a fair notice period and which is in line with Intelligent Finance's terms and conditions surrounding the closing of accounts – which require Intelligent Finance to provide a minimum of two months' notice to customers whose accounts are scheduled for closure.

Mr W has said that he feels that the recent Consumer Duty directive issued by the Financial Conduct Authority means that Intelligent Finance should be instructed to allow his current account to remain open. However, Intelligent Finance haven't offered any new current accounts since 2009. This means that Intelligent Finance current accounts are 'closed' products – as opposed to 'open' products, which are products currently available for retail. And the Consumer Duty directive to which Mr W refers presently only applies to open products, with the directive not coming into force for closed products until 31 July 2024 onwards, and when it won't apply to events that took place before that date.

Finally, Mr W is unhappy with the £200 payment Intelligent Finance have offered him in their response to his complaint, and he feels that the true amount of offsetting benefit he might

lose out on because of the closure of his current account could be in excess of £10,000.

But in their response to Mr W's complaint, Intelligent Finance explained as follows:

"As part of the closure of the current account we looked at your offset benefit generated by your current account from September 2022 to September 2023. This was £110.00. You have five years remaining term on your mortgage, so this equated to £550.00 over the remaining term. This meant you would get 25% of the total benefit which is £138.00. We then rounded this up to the nearest £100.00, giving you a £200.00 one off goodwill payment. These payments are based on your own Intelligent Finance fluctuating current account balances"

Intelligent Finance's reasoning seems fair to me here. And I note that it's based on the actual balance of Mr W's current account during the past twelve months, rather than projections of what the balance of the current account could be in the future. Additionally, it remains the case that Mr W can still benefit from mortgage offsetting via his Intelligent Finance savings account. Although as explained, it's acknowledged that this unfortunately (but not unfairly) might not be as compatible with Mr W's personal money management preferences as using his Intelligent Finance current account was.

All of which means that I don't feel that Intelligent Finance are treating Mr W unfairly here as Mr W contends. This is because I'm satisfied Intelligent Finance are fairly and reasonably entitled to no longer provide current accounts to their customers and that they provided fair and reasonable notice to Mr W that his Intelligent Finance current account would be closed.

I realise this won't be the outcome Mr W was wanting, but for the reasons explained above I won't be upholding this complaint or instructing Intelligent Finance to take any further or alternative action here. I hope Mr W will 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 W to accept or reject my decision before 22 April 2024.

Paul Cooper
Ombudsman