

The complaint

Mr B complains that Bank of Scotland plc trading as Halifax ('Halifax') failed to pay him an account switching bonus.

What happened

Mr B had a bank account with another provider that he moved to Halifax in early April 2023. Halifax offered customers a £175 bonus if they opened a Reward or Ultimate Reward Current Account with it and switched their bank account from another bank to Halifax using the Current Account Switch Service (CASS). The offer ran between 14 March 2023 and 3 April 2023.

Mr B completed an application with Halifax on 2 April 2023 to switch his current account to it. He said the offer of the bonus was the primary reason he wanted to make the switch. Mr B complained to Halifax as he said he didn't receive the bonus as expected.

Halifax responded to Mr B's complaint and said he wasn't eligible for the bonus as his Halifax account was opened on 4 April 2023, which was outside the terms of the bonus offer.

Mr B was unhappy and so complained to this Service. He said he applied for the account several days before the offer ended and received emails from Halifax that pre-date the offer ending. He said the reason his account did not open until 4 April was that Halifax would not accept his ID online and he had to visit a branch, otherwise it would have opened earlier. Mr B feels he was misled about the switching process. Mr B also said he was charged a monthly account fee of £3 which he didn't feel was fair, as he wasn't going to use the account after feeling cheated.

Halifax told this Service that the switch application could not be started until the account Mr B wished to switch to was fully opened. It said Mr B applied online for the switch on 4 April, which was the same day the new account opened, so there were no delays with the switch. It also said the £3 monthly fee was in line with the terms of the account.

Our Investigator concluded that opening the new account and starting the switch were two different processes. So switching from the old account couldn't begin until the new account was opened on 4 April, which was outside the incentive scheme dates. This meant Mr B didn't meet the criteria for receiving the £175 bonus. Our Investigator didn't ask Halifax to refund the £3 account usage fee, as it was applied in line with the terms of the account.

Mr B didn't agree and said that he was required to complete only one application that covered the whole process of switching to the new Halifax account. He said he was asked to provide all relevant information in that one application and there was no follow up communication between him and Halifax in relation to the switching process, which he said was under Halifax's control.

As Mr B didn't agree with what our Investigator said, this came to me for a 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.

I've first of all considered the relevant terms of the switch incentive. These say a consumer needs to:

"Start your switch from your old bank account using the 'Current Account Switch Service' to a Reward Current Account or Ultimate Reward Current Account between the 14/03/2023 and the 03/04/23."

And the terms also say that a consumer will not be eligible for the offer if:

"You change your existing account to a Reward Current Account or Ultimate Reward Current account but you do not move your account from another bank using the 'Current Account Switch Service' before the switching deadline."

So my reading of the terms is that it's not enough that a consumer opens an account with Halifax, they must also start the process of the actual account switch, using the CASS, before the deadline of 3 April 2023.

I can see that Mr B submitted his application on 2 April and received a message from Halifax on the same day to say it was processing his application for a new bank account. He then received a message from Halifax on 3 April saying the account hadn't yet been opened as Halifax needed to verify his ID, either online or in branch. And Mr B said he had to go into branch to do this. Mr B then received a message from Halifax on 4 April saying his current account application was successful. What Halifax has said is that it was only once this account was open – and the account was opened after the switch deadline had passed – that the actual switching process could begin. So it's for this reason that Halifax doesn't think it needs to pay the bonus to Mr B.

Mr B said he only had to complete one application, and this was on 2 April 2023. So he assumed this meant he had started the switching process on that date, and so he should be eligible for the bonus. Halifax hasn't been able to provide evidence of what the application process looked like, but even if I rely on what Mr B has said about there being just one application submitted by him, I don't think it would be fair to say that the date the application was submitted is the date the switch process began. I'll explain why I say this.

Once Mr B submitted his application, Halifax first of all needed to make a decision about whether it would accept his request to open an account with it. This is the first stage of the process. The switching process can't begin until a new Halifax account has been opened, as otherwise there is simply no Halifax account to switch the old account to. So the second stage of the process, which I understand is carried out by Halifax and not by Mr B as Halifax suggested, is to then start the switching process using the CASS.

If Halifax was required to pay the bonus based on when the application was submitted, then it might find itself paying the bonus to consumers before it knew whether it wanted to offer an account to them. This wouldn't be fair – and I have to be fair to both parties – as Halifax should only need to pay the bonus to consumers who have completed the switch. I'm also satisfied that asking Halifax to pay the bonus based on the application submission date is not in line with the terms of the offer, which I think clearly say that the switch itself must have started before the relevant deadline.

Mr B has also said that he feels Halifax are responsible for a delay in opening the account, as he was told on 3 April that he needed to submit ID and he was unable to do this online. So he had to visit a Halifax branch and this meant the account wasn't opened until 4 April. But I can't see that there was any undue delay or error here. For whatever reason, consumers might sometimes have to present proof of ID in branch. I'm satisfied that there were no delays with Halifax processing the new account application, which took only two days.

Mr B has also complained about having to pay the monthly account fee of £3, given that he now doesn't intend to use the Halifax account because of his sense of feeling cheated out of the bonus payment. But I am not asking Halifax to refund any instances where this fee has been charged. The terms make it clear that this fee is payable, subject to how the account is used, and I'm satisfied the fee was fairly applied. So while I understand why Mr B wouldn't want to pay account usage fees for an account he no longer wants, it wouldn't be fair to ask Halifax to refund the fees when they've been fairly applied.

I know my decision will disappoint Mr B, but I could only ask Halifax to take further action here if I thought it had made an error, and I'm satisfied that's not the case.

My final decision

It's my final decision that I do not uphold this complaint.

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

Martina Ryan
Ombudsman