

The complaint

Mr K complains that Shawbrook Bank Limited ("Shawbrook") failed to deal with the maturity of a fixed rate savings bond in a timely manner.

What happened

I issued a provisional decision on this complaint in March 2024. In that decision I explained why I thought the complaint should be partly upheld and what Shawbrook needed to do in order to put things right. Both parties have received a copy of the provisional decision but, for completeness, I include some extracts from it below. In my decision I said;

Mr K held a three-year fixed rate savings bond with Shawbrook. That bond matured on 31 May 2023. Shawbrook says that it hasn't yet received any maturity instructions from Mr K so in line with its published terms and conditions the monies are being held in a maturity account paying interest at 0.1% per annum.

Shawbrook says that it sent Mr K a letter in April 2023 setting out details of his maturing bond. In that letter Shawbrook explained what steps Mr K would need to take in order for the proceeds of the bond to be transferred to another account. And it explained that it was unable to accept those instructions by email. Mr K says that he didn't receive this letter.

Around three weeks before his savings bond matured, Mr K got in touch with Shawbrook to change the bank account he had previously nominated to receive the proceeds from the bond. Shawbrook sent Mr K a link to an open banking service that it used to verify new linked accounts. I understand that Mr K was unable to successfully complete the verification of his account using that method.

So Shawbrook then provided Mr K with details of an email account he could use to send some verification information for his new account. Shawbrook couldn't immediately accept the information Mr K had sent since it failed to show the whole of his debit card. But it seems that matter was corrected and Mr K's new nominated bank account is successfully linked with Shawbrook.

Mr K initially complained about the verification process. Shawbrook accepted that it hadn't communicated with Mr K during that process as effectively as it would have hoped. So it paid him £30 for the inconvenience he'd been caused.

When Mr K sent a revised image of his debit card to Shawbrook he also expressed his dissatisfaction with the maturity process. He said that unless he'd received confirmation that Shawbrook would be paying the maturity proceeds to his nominated account he would raise a further complaint. Shawbrook says that, in line with the terms and conditions of Mr K's account, it was unable to action that request since it was sent by email.

I think the crux of this complaint is whether Mr K has given Shawbrook, or should reasonably think he has given Shawbrook, a valid instruction for how to deal with the

maturity proceeds of his fixed rate savings bond. There is a contributing issue regarding the addition of a new nominated account that I will also consider. But given that both parties agree that account has now been successfully added to Mr K's records it is how Shawbrook has dealt with the maturity funds that I think I should be my focus in this decision.

I think it is worth noting Shawbrook does not have any physical branches. So all contact between consumers and Shawbrook needs to take place remotely – either by telephone or by online communications. So it is reasonable that Shawbrook puts security measures in place to ensure that its dealings are with the authorised holders of its accounts. It is for Shawbrook to decide how it allows customers to contact the bank, and those methods are generally set out in the terms and conditions of the relevant accounts.

In the terms and conditions for Mr K's account I think there are three sections that are relevant to this complaint. Section 6 deals with "Contacting each other", Section 9 with the "Withdrawal of funds", and Section 20 provides some "General Instructions". I think the pertinent clauses in each section are as follows;

- 6.5 You can contact Us by post, by Secure Message (which you will need to log into Your Personal eSavings to access), by email or by telephone using [contact details]. For further information, please visit Our Website. Please ensure that information which is of a sensitive or confidential nature is not sent to Us by email. For example, this may include information relating to Your account which could be used to identify You or enable a third party to access Your account. We will never request this information over email. For the avoidance of doubt, You may send such information by Secure Message.
- 9.10 Withdrawals can be requested through Your online eSavings Account if You have an online account or by telephone.
- 20.1 We can accept instructions from You by Secure Message, post or by telephone or (if applicable) via Your Personal eSavings Account. Before actioning any instructions, We will always verify Your identity:
 - i. when accepting instructions over the telephone (either when We call You or when You call Us), We will ask You a number of security questions in order to verify Your identity. If We cannot verify Your identity, We will be unable to talk to You about Your account(s).
 - ii. when accepting instructions in writing, We will verify that the signature used on the instruction matches the signature You have provided Us. If You have not provided Us with a signature, We will call You to verify Your instruction before actioning it.
 - iii. when accepting instructions by Secure Message Your identity will have been verified by the secure log in information required to gain access to Your Personal eSavings Account. We will not accept instructions by general non secure email or by fax.

Mr K's savings bond had matured. But he wanted to transfer the funds away from Shawbrook to an account he held with another provider. So I think it reasonable that I should consider that request to effectively be a withdrawal, and expect those terms to apply. So in order for Mr K to have provided Shawbrook with a valid instruction it would need to be submitted though either his online account, by signed letter, or by telephone.

And for completeness I will also note that Shawbrook says it sent Mr K a letter, in April 2023, regarding the maturity of his bond. It says the letter told Mr K that it could not accept maturity instructions by email. Mr K says that letter was not received by him. But as I'll go on to explain, I have relied on the terms and conditions of the account when deciding whether Shawbrook has received a valid instruction from Mr K. Whilst the text of the letter would have reinforced that conclusion, I don't think it provided information to Mr K that he shouldn't already have been aware of.

Mr K says that he provided his instruction to Shawbrook by two of the methods that were set out in the relevant terms. He says that when he provided copies of his banking verification documents he gave a clear instruction for the transfer of the funds. And he says that the telephone calls he had with Shawbrook, when discussing changing the nominated account attached to his savings account, also clearly informed Shawbrook that he was wanting to withdraw the monies.

Mr K was asked to submit his account verification information using general email to an address specifically set up for the sending of information of that nature. The verification information wasn't sent, as Mr K has said, using Shawbrook's secure messaging system. So I'm not persuaded that the request Mr K made for the withdrawal to be processed, when sending the verification information by general email, was sufficient to meet the requirements set out in sections 9.10 and 20.1 as shown above.

Mr K had two telephone conversations with Shawbrook in the lead up to the maturity date of his savings. I have listened to recordings of those calls, and read transcripts that Mr K has provided. Both calls were primarily in relation to Mr K's difficulties (that I will further discuss later in this decision) in verifying his new nominated bank account. Mr K has pointed me towards clause 9.5 of the terms and conditions that says;

9.5 Where You wish to make withdrawals to an account which is not a Nominated Account You will need to change the Nominated Account associated with Your Personal eSavings Account. You can do this by making a request for a withdrawal by Electronic Transfer by contacting Us by telephone, by post or by Secure Message. If We agree to Your request, We will change the Nominated Account for Your Personal eSavings Account in accordance with condition 3.5 and then process Your withdrawal.

I have a different view to the applicability of that clause to that held by Mr K. I think the clause above anticipates that a withdrawal request has already been made, and the account requested to receive the payment is not the nominated account. If that point were reached, the withdrawal request would be suspended whilst the nominated account was verified, before being restarted when that verification had successfully concluded.

I don't think that was the case here – Mr K sought to change his nominated account before starting any withdrawal process. I think that is demonstrated by the fact that Mr K's request was made more than three weeks before he was entitled to the proceeds of the maturing account. I think Shawbrook might have expected a further instruction from Mr K at that time for the withdrawal to be made.

But I don't think a strict interpretation of the terms and conditions is sufficient to fairly decide this complaint. I think the nature of the conversation that Mr K had with Shawbrook on the day before his bond matured was sufficient to give him a

reasonable expectation that he had made a valid withdrawal request. Or, at the very least, that conversation provided Shawbrook with an opportunity, that it failed to take, to reinforce the need for Mr K to adhere to its processes when making a withdrawal request.

Below I have detailed what I think are some pertinent sections of the phone conversation that Mr K had with Shawbrook on 30 May 2023. Whilst I entirely accept that the nature of using these extracts could risk taking some phrases out of the context in which they were said, as I confirmed earlier, I have listened to the entire call. I think it reasonable that I highlight these sections as those that gave rise to a reasonable expectation from Mr K that he had given a valid withdrawal instruction.

Mr K said, "All I want to know is if the transfer is on its way to me." And after completing some security checks Shawbrook responded "Yeah. So tomorrow at midnight, that's when the account actually expires. So you won't have those funds until the Thursday." And then, after some further checking, Shawbrook explained why it had initially been unable to verify Mr K's new nominated account due to problems with the photo of his debit card he'd sent. And then it told him, "Once you resend that with all four corners showing, we can then put your instructions in place, we can update your details, and then of course tomorrow at midnight those funds will be sent to you."

So taking that conversation into account, whilst it could be argued as I've set out above that, in line with a strict interpretation of the terms of his account, Mr K had not provided a valid instruction to Shawbrook for the withdrawal to be made, I think Shawbrook led Mr K to reasonably believe that the withdrawal request was in progress and the funds would be sent to him once he had sent a new copy of his debit card to be verified – something that happened very shortly after the call ended. And I think it is clear, from the nature of the conversation that took place, that was what Mr K wanted to happen – and in fact thought was already happening.

Shawbrook needed to have regard for Mr K's interests. And to communicate with him in a way that was clear fair and not misleading. It ought to have informed Mr K how to place his request had he not done so properly by then. And saying "of course tomorrow at midnight those funds will be sent to you" was misleading in terms of making Mr K think he didn't need to do anything more, when he did.

I think that, had Shawbrook's communication been better, Mr K would have understood that some further action was needed, and taken the appropriate steps to withdraw his monies. So I'm not persuaded that Shawbrook has treated Mr K fairly by simply retaining the funds in one of its maturity accounts awaiting further instructions from him.

I note that Mr K became aware relatively soon afterwards that the transfer hadn't taken place, although perhaps not why that was the case due to the communication failures I've set out above. But the second assessment sent by our investigator, on 25 August 2023, set out very clearly why the payment hadn't been made, and that Shawbrook needed some further communication from Mr K, via one of its secure channels, in order for the funds to be released. I can see no reason why, at the time of the second assessment, Mr K couldn't have completed the withdrawal of his monies. So I think that, at that point, any liability I am placing on Shawbrook for the loss of interest on Mr K's money should cease.

And given I'm not persuaded that a valid instruction has been given for the payment of the maturity proceeds to the nominated account I don't intend to give any direction

to Shawbrook to do that. I leave it with Mr K to use one of the methods Shawbrook has set out to request the transfer of the maturity proceeds if he hasn't already done so.

I will now briefly deal with what happened before the maturity date when Mr K asked to change his nominated account. As I mentioned earlier, Mr K was asked by Shawbrook to assist it to verify the new account he wished to use. In my experience the process that Shawbrook initially asked Mr K to undertake, connecting his account via an open banking platform, is in use across many other financial institutions. I don't find any fault in that method being used.

Mr K failed to successfully verify the new account using the automated process. So he got in touch with Shawbrook via email. Shawbrook failed to respond to that email, or to some chasing emails that Mr K subsequently sent. It wasn't until Mr K called Shawbrook that the bank proposed an alternative verification method using the email system that I've mentioned earlier.

Given that Mr K wasn't at that time in a position to receive the proceeds of the account since they hadn't matured, I don't think those delays meant that he lost out on the use of the monies he was due. But, as Shawbrook accepts, Mr K would have been caused some inconvenience by needing to chase for a response to his query. Shawbrook has already paid Mr K £30 in respect of the inconvenience he was caused. I think, in all the circumstances here, that payment is reasonable compensation for Mr K's inconvenience. So I don't direct that Shawbrook needs to pay any additional compensation to Mr K in regard to its verification processes.

I appreciate that my decision does not go as far as Mr K thinks it should. In summary, whilst I think it could be argued that Mr K failed to give a valid instruction to Shawbrook for the maturity proceeds of his fixed rate bond, I don't think Shawbrook did enough to explain that to him – in fact I think Shawbrook gave Mr K good reason to think that everything was in order. But I think that the compensation Shawbrook has paid to Mr K, for the inconvenience he has been caused by its failure to deal with his query about the account verification in a timely manner, is reasonable.

I invited both parties to provide us with any further comments or evidence in response to my provisional decision. Shawbrook has told us that it accepts my provisional decision. Mr K has provided some extensive comments. Although here I am only summarising Mr K's response I want to reassure him that I have read, and carefully considered, his entire response.

Mr K points out that Shawbrook failed to advise him by email, as per its agreed process, that it had sent him a secure message on 14 April about the maturity of his bond. And he says that the message he sent to Shawbrook on 30 May was actually sent by its secure message service rather than regular email. So he concludes that he had given Shawbrook a valid withdrawal instruction at that point.

Mr K says that the first investigator thought that he had sent a valid withdrawal instruction to Shawbrook. So he says that at that point Shawbrook should have released his funds to the linked account. He says that by the time of the second investigator's assessment his funds were no longer held in the original fixed term deposit account. So he would have been unable to use his online access to transfer those funds. He says that Shawbrook should be expected to continue to pay him interest on the maturity funds until they are transferred to his linked account.

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.

As I set out in my provisional decision, in deciding this complaint I've taken into account the law, any relevant regulatory rules and good industry practice at the time. I have also carefully considered the submissions that have been made by Mr K and by Shawbrook. Where the evidence is unclear, or there are conflicts, I have made my decision based on the balance of probabilities. In other words I have looked at what evidence we do have, and the surrounding circumstances, to help me decide what I think is more likely to, or should, have happened.

And I repeat my reflections on the role of this service. This service isn't intended to regulate or punish businesses for their conduct – that is the role of the Financial Conduct Authority. Instead this service looks to resolve individual complaints between a consumer and a business. Should we decide that something has gone wrong we would ask the business to put things right by placing the consumer, as far as is possible, in the position they would have been if the problem hadn't occurred.

I've thought carefully about the additional comments that Mr K has made. But I'm sorry to tell him that those comments have not caused me to change the outcome I provisionally reached on his complaint. I would however like to comment further on some of the points that he raised in his response.

Mr K has said that Shawbrook failed to warn him, by email, that it had sent him a secure message with instructions about the maturity of his account on 14 April. I cannot be sure whether any email was simply not sent, or that it was not received by Mr K's email software. But I have no reason to doubt that Mr K didn't see that email, and so was unaware of the secure message he had been sent. But as I explained in my provisional decision I have relied on the terms and conditions of the account when deciding whether Shawbrook had received a valid instruction from Mr K. Whilst the text of the letter would have reinforced that conclusion, I don't think it provided information to Mr K that he shouldn't already have been aware of. So I'm not minded that any failures in relation to that secure message have a material impact on the complaint I am considering here.

An assessment issued by an investigator has no legal standing. So neither Mr K nor Shawbrook would be required to take any of the actions contained in that assessment. Instead, as has happened here, either party may ask that the complaint is instead determined by an ombudsman. A final decision issued by an ombudsman, if accepted by a consumer, that does become legally binding on a regulated business.

So I think that means that it wasn't unreasonable for Shawbrook to not pay the maturity proceeds to Mr K following the first assessment issued in early July 2023. Shawbrook was still minded at that time that it had not received a valid instruction from Mr K for the payment of the matured funds. So that is why it asked for further consideration of the complaint. Given that belief it would have been inappropriate to make a payment to Mr K at that time.

The second assessment, issued in August 2023, supported the stance taken by Shawbrook. It warned Mr K that Shawbrook didn't hold a valid instruction, and that he should make further contact with the firm. It seems that Mr K chose not to take that path and instead asked that his complaint be decided by an ombudsman.

I have seen no reason why Mr K could not have contacted Shawbrook at that time to discuss how he could provide a valid instruction, even if he considered that to be unnecessary. By

doing so he would, at the very least, have received the maturity funds to which he is undoubtedly entitled. And I think that instruction could very easily have been provided by Mr K on a “without prejudice” basis and giving no acceptance that his previous communications had not provided the necessary authority.

I have thought about Mr K’s comments that his fixed rate account had by then been closed. And that might have meant that he faced problems navigating Shawbrook’s systems to get access to his matured funds. Had that happened I might have agreed further compensation should be paid for the extended time the funds remained in the lower interest account. But I haven’t seen any evidence that Mr K tried, and failed, to provide a new instruction. I don’t therefore think this argument affects my decision here.

I remain satisfied that the messages Mr K sent to Shawbrook, when providing the copy of his bank card, were not sent by its Secure Messaging service. I think Mr K is confusing a secure email service, with Shawbrook’s Secure Messaging service. He talked earlier about Shawbrook needing to send him an email to warn him it had issued a secure message. I think that clearly demonstrates the difference between the two communication channels.

So on balance I remain of the opinion that Mr K has not presented a valid instruction to Shawbrook for the repayment of the matured funds. But I don’t think Shawbrook did enough to explain that to him – in fact I think Shawbrook gave Mr K good reason to think that everything was in order. So I think Shawbrook needs to compensate Mr K for the time his funds remained in the low interest maturity account before he became aware a valid instruction might not have been received.

Putting things right

On balance I think that, had the communication from Shawbrook been clearer, Mr K would have given a valid instruction for the transfer of his funds at the time they matured on 31 May 2023. But, as I’ve explained above, I think that Mr K should have been aware of what was needed by 25 August at the latest. So there is a period of 86 days when the proceeds of Mr K’s bond were earning less interest than they might have as a result of Shawbrook’s failings.

Shawbrook has said that during that time Mr K’s matured funds received interest at a rate of 0.1%. Mr K has said that he believes that he could have placed those funds with another provider earning between 4% and 5%. Having considered the sorts of rates available at that time I think it would have been reasonable to expect that an average interest rate of 4% could have been achieved in an instant access account over the period.

So, I direct Shawbrook to pay compensation to Mr K equivalent to the interest he has lost. That should be calculated at a simple rate of 3.9% per annum on the maturity proceeds for a period of 86 days.

My final decision

My final decision is that I uphold Mr K’s complaint and direct Shawbrook Bank Limited to put things right as detailed above.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr K to accept or reject my decision before 28 May 2024.

Paul Reilly
Ombudsman