

The complaint

Mr R complains Secure Trust Bank Plc frustrated and confused his efforts to partially reinvest a sum of cash he held on deposit with the firm.

What happened

Mr R held a fixed rate bond with Secure Trust that was due to mature on 9 November 2023.

In the weeks leading up to this date, the bank emailed Mr R to tell him he could either reinvest the proceeds of his maturing bond in full, or alternatively he could withdraw all of his cash. If he took no action, Secure Trust explained his maturing proceeds would be paid into an instant access savings account with a modest interest rate. Whatever his preference was, the bank's emails said it needed to have received Mr R's instructions by 6 November 2023.

On 3 November 2023, Mr R was ready to make his choice. He'd spotted a new bond Secure Trust was offering, 5.9% fixed for one year, and wanted to take advantage of it. But to remain within the limits that saw him benefit from FSCS protection, he could only partially reinvest the maturing proceeds of his bond. The remainder would need to be withdrawn and reinvested elsewhere.

Mr R studied Secure Trust's emails and its website, but he couldn't find instructions on how to partially reinvest the proceeds of his bond. Unsure of what to do, Mr R tried calling Secure Trust. But he couldn't get through to anyone. Referring back to the emails it'd sent him, Mr R messaged the bank via the secure messaging system on its website with instructions to open the new bond, and to partially reinvest the proceeds of his maturing bond. He received an auto-acknowledgement thanking him for his message, and letting him know the bank aimed to respond to him within three working days.

Secure Trust replied to Mr R's message four working days later, on 9 November 2023, the day his bond matured. The bank advised that to achieve his aim, he'd need to open the new bond himself and then contact it so that a transfer could be arranged internally. But when Mr R went to act on Secure Trust's advice, he found the rate of 5.9% had been removed from sale. Unhappy, Mr R replied to the bank's message and raised this complaint.

In its reply, the bank explained it didn't accept instructions to open new accounts via its secure messaging system. And ultimately, because it hadn't received a valid instruction through the correct channel prior to its deadline, it didn't consider it'd treated Mr R unfairly. Mr R was dissatisfied with Secure Trust's response and referred his complaint to our service.

As Mr R saw it, he'd lost out on the opportunity to reinvest at the rate of 5.9% with Secure Trust. Instead, in the immediate aftermath of his bond maturing, his money had languished in accounts which paid less than half the interest he would've earned had his instructions been followed. Ultimately, having searched the market, Mr R was able to arrange a new bond with a different provider shortly afterwards, paying a rate of 5.8%.

Our investigator didn't uphold Mr R's complaint. As he didn't accept our investigator's opinion, the matter's been referred to me.

I provisionally decided to uphold Mr R's complaint. I said that:

"Secure Trust owes a number of obligations to its customers. In my opinion, it's significant in this case that PRIN 2.1.1 R requires that:

"(6) A firm must pay due regard to the interests of its customers and treat them fairly.

(7) A firm must pay due regard to the information needs of its clients, and communicate information to them in a way which is clear, fair and not misleading".

I've kept this in mind whilst reviewing Mr R's complaint.

To begin with, I'll note that in my opinion, what Mr R was seeking to achieve with his matured savings doesn't seem out of the ordinary. It doesn't seem unusual to think that an investor might seek to only reinvest some, but not all of their money. Because of this, it seems strange to me that, on the evidence provided, Secure Trust has seemingly made no provision for this within any of the emails or FAQs available to customers with maturing bonds.

The information Mr R was given seems to suggest his only options were to reinvest all of his money, withdraw it all, or wait for it to be paid into an instant-access savings account. But from Mr R's perspective, none of this applied to him.

I've considered whether it was reasonable for Mr R to have intuited that, as the bank eventually advised him, he should apply immediately for a new bond, leave it empty, wait for his old bond to mature, and then contact Secure Trust to arrange for an internal transfer between the two. But I'm not persuaded Mr R could fairly or reasonably be expected to have assumed this without being told. Bonds like the one Mr R wanted are, by design, restrictive and inflexible. They require that a deposit is shut away for a set term allowing little or no access. I can accept therefore that this thought would not necessarily have occurred to Mr R at the time, and that he was left feeling uncertain as a result.

Mr R's said that when faced with this uncertainty, and having found no guidance on how to achieve his partial reinvestment on Secure Trust's website, he referred back to the emails he'd been sent. He's said that when deciding how best to give his instructions, he relied on Secure Trust's email dated 27 October 2023 which, after listing scenarios that didn't apply to Mr R, said:

"Unsure about something? Visit the Maturity Portal where you will find FAQs on Bond maturities. Alternatively, log in to Internet Banking and send us a secure message. You can also call us..."

Mr R has said he did try calling Secure Trust, but wasn't able to get through to it. In the circumstances, he felt it best to give his instruction in writing using a secure message. His message clearly outlined his instructions to partially reinvest his funds into the bond the bank was offering at 5.9%. I'm also satisfied this message was sent to Secure Trust on 3 November 2023, in advance of the 6 November 2023 deadline that'd been set.

I've thought about whether Mr R could have, at that time, reasonably assumed his instructions would be acted upon. On balance, I'm not persuaded his assumption was unreasonable. I acknowledge that Secure Trust had never explicitly told Mr R he could give instructions this way. But from Mr R's perspective, mindful that his objectives were relatively

straightforward, I can appreciate why he felt assured that Secure Trust's email about the maturity process, through mentioning it, links that process with its online secure messaging service. I've also considered there's seemingly no evidence in any of the information available at maturity that suggests Mr R was warned against giving instructions via secure message. And that the auto-response Mr R received to his message gave no warnings that instructions couldn't be provided via this channel.

The evidence in this case persuades me Secure Trust's failure to cater to Mr R's fairly routine requirements, means it was logical of him to reach the conclusions he did. I don't think it was unreasonable of Mr R to assume his instructions would be dealt with, given as they were in advance of the deadline, via a channel Secure Trust has associated with the maturity process, and with no warnings to the contrary provided. In my view this means the bank has failed to reasonably cater for Mr R's information needs and has ultimately misled him by doing so.

I've thought about what meeting Mr R's information needs would look like in the circumstances of this complaint. In my opinion, the desire to partially reinvest seems so routine that I think it's reasonable to expect Secure Trust to have catered for it within its maturity instructions. I think it's most likely that, had the bank done so, Mr R would've followed those instructions and successfully invested the sum of £80,000 with the bank at a rate of 5.9%, fixed for one year.

Having defended this complaint to our service, it occurs to me that Secure Trust may feel aggrieved with the findings I've made here. It may be inclined to argue that, had Mr R made his decision sooner, the bank would've had time to reply to his secure message and advise him on the correct way to achieve his goal. Likewise it may also argue that, had Mr R been more patient, it would inevitably have answered his phone call and dispensed the same advice. But I'm not persuaded either of these arguments would lead to an outcome that's fair to both parties. Fundamentally, Mr R clearly outlined his intentions to Secure Trust in advance of the deadline it'd set him. And I'm satisfied his decision to provide his instructions through the wrong channel came as a direct result of the bank's failure to meet his reasonable information needs.

I've also considered that, when designing customer facing product literature, it would be unreasonable to expect Secure Trust to cater to every possible outcome, in every conceivable circumstance. The bank's obligation to communicate in a way that's clear, fair and not misleading, may fairly compel it to omit certain information leaving only the key facts. But here, I'm satisfied Mr R's request seems so ordinary and foreseeable in the context of a bond maturing, that it was a mistake on Secure Trust's part to not cater to it.

For completeness I've considered the fairness of Secure Trust's decision to remove its 5.9% bond from sale. In principle, I don't find it was unfair or unreasonable of Secure Trust to have removed the product from sale. The bank's entitled to exercise its commercial judgment when deciding what rates to offer and for how long. But given the sequence of events that led Mr R to the point he reached when he made his complaint on 9 November 2023, I think it would've been fair in the circumstances for Secure Trust to have made an exception and offered him the rate in response to his complaint. It's decision not to do so was, in my opinion, a failure to treat Mr R fairly.

Because of my findings above I'm satisfied it's both fair and reasonable to require Secure Trust to put things right for Mr R.

Putting things right

Mr R's explained that in the immediate aftermath of realising Secure Trust wouldn't offer him the rate of 5.9% for one year, he sought to mitigate his loss by reinvesting elsewhere. Having searched the market for a comparable rate, I understand Mr R's attempts at reinvesting were hampered by another firm causing difficulties for him when he tried opening a bond. I've seen evidence that shows he was ultimately able to invest the £80,000 he'd intended to keep with Secure Trust, at another firm that I'll refer to as Bank S. His new Bank S bond pays 5.8% interest, fixed for one year.

On the face of it therefore, I consider Mr R's loss is the 0.1% difference in interest on £80,000 for one year, between the bond he wanted with Secure Trust, and the bond he ended up with at Bank S. To fairly put matters right therefore, I shall require that Secure Trust should calculate this amount, and pay it to Mr R as a single lump sum.

Secure Trust may make a deduction from this payment equivalent to the amount of any interest Mr R earned on £80,000 worth of his matured bond proceeds whilst they remained on deposit with Secure Trust.

If Secure Trust considers it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr R how much it's taken off. It should also give Mr R a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

Lastly, having read his submissions, it's clear the events of this complaint have distressed and inconvenienced Mr R. He's felt the disappointment of realising he'd missed the rate of 5.9%. And he's suffered the inconvenience of having to look elsewhere for a rate at short notice. I'm satisfied that, had Secure Trust treated him fairly, this could've all been avoided. So in the circumstances, it's my view that it's fair and reasonable to direct the bank to pay him the sum of £150 in compensation".

Mr R acknowledged my decision without providing further comments. Secure Trust did not respond to my decision.

Mindful of the powers afforded to me within DISP 3.5.13 R and DISP 3.5.14 R, I've revisited the findings I made previously.

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 neither party has sought to contest the findings in my provisional decision, I see no need to depart from them. I uphold Mr R's complaint for the same reasons given in my provisional decision, because I'm satisfied that:

- Secure Trust failed to consider and provide for Mr R's reasonable information needs where the maturity of his savings account was concerned, meaning it has not treated him fairly.
- It's failures here meant Mr R missed out on locking in a rate of interest at 5.9% for one year on the sum of £80,000. He'd had to settle for 5.8% for one year instead.
- As a result of this, it's fair and reasonable of me to require Secure Trust to calculate and pay the difference of 0.1% in interest that Mr R is missing on the sum of £80,000 for one year.
- Secure Trust's failure to treat Mr R fairly caused him distress and inconvenience, and in my view it's fair and reasonable to require the bank to pay him £150 in compensation to address this.

If Secure Trust considers it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr R how much it's taken off. It should also give Mr R a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

My final decision

My final decision is that I uphold Mr R's complaint about Secure Trust Bank Plc. I now require that the firm calculates and pays redress to Mr R in line with the directions given above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 30 October 2024.

Marcus Moore
Ombudsman