

The complaint

Mr S complains that Bank of Scotland plc trading as Halifax should have done more to help him earn a better rate of interest on his savings.

Mr S's brother is helping him to make the complaint.

What happened

Background

Mr S's brother has provided this service with some background information about Mr S and the support he's received from his family over the years. He's told us that Mr S cannot read and write and that he has disabilities that make him less able to represent his own interests.

The complaint

Mr S had been a Halifax customer for many years. He held a passbook savings account that he managed at the branch counter with assistance from bank staff, who would issue cheques for him as and when required. Mr S used the passbook account as his main account and had his wages paid into it. Over time, the balance deposited in the account grew to almost £60,000.

Mr S's brother told Mr S that his money should be earning more interest than it was, so he suggested that Mr S should go to the branch to sort it out. Mr S did so and was told it was not possible to have an appointment until 21 February 2023, which at the time was more than two weeks away.

Halifax agrees that the branch staff should have told Mr S that there are alternatives to opening an account in branch. The bank offered £100 compensation for this in a final response letter it issued on 17 February 2023.

The bank's records show it opened a fixed rate deposit account paying 2.80% AER for Mr S on 21 February 2023. But Halifax was also offering a fixed rate deposit account for the same term paying 4.05% AER. This was a preferential interest rate only offered to Halifax customers that also held a current account that had been open for at least 40 days.

Mr S's brother stepped in to help him contact the bank again. They thought Halifax was treating Mr S unfairly and had not taken into account that Mr S's disabilities mean that he is not able to run a current account. Mr S's brother said that Mr S had used his passbook account akin to a current account for over 25 years and it was unlawful of Halifax to not make any adjustments for him.

Mr S's brother explains that Halifax initially agreed to honour the 4.05% AER interest rate for Mr S, but then changed its position. Mr S's brother provided evidence to show he'd spoken with complaint managers at the bank four times about Mr S's accounts, but no agreement could be reached. Mr S's brother explained the only choice they felt they had was to move the money elsewhere or Mr S would continue to lose out.

Mr S's funds were moved to another organisation, but the interest rate of 3.75% AER the new account offered wasn't as good as the preferential rate that Halifax had been offering, meaning Mr S would still be worse off compared to the 4.05% AER interest Halifax were offering to some customers. Mr S's brother pointed out that transferring the money and opening a new account had required going to two different branches, causing them both inconvenience and a loss of time. Mr S's brother raised a complaint on Mr S's behalf.

Halifax looked into the situation. In its final response dated 15 March 2023, it offered to pay £50 compensation for giving the wrong information about Mr S qualifying for a fixed saver account at the preferential rate. But it said the terms and conditions for the preferential rate say a customer must hold a current account with the bank for at least 40 days so Mr S didn't meet the criteria. The complaint manager confirmed she'd given feedback within the bank about Mr S being unable to open a current account due to his disabilities.

Mr S's brother said the bank's position was unfair and had not taken into account that Mr S is unable to manage running a current account. He referred the complaint to this service.

Our Investigator looked into the situation and concluded the £150 compensation Halifax had already offered across its two final response letters was fair. She didn't think Halifax had made an error by declining to pay Mr S the higher rate of interest because he didn't qualify for it.

Mr S's brother disagreed. He said the bank was required by law to make reasonable adjustments. He pointed out that Mr S had lost out on interest on his money and there had been the hassle, inconvenience and loss of time to move the funds elsewhere when the bank should have been able to override procedures.

Mr S's brother explained that he wanted lessons to be learnt from this situation and that he expected some indemnification for the time he'd needed to spend raising the issue and then following it up. He said his brother was suffering financial harm before he stepped in to help him and other people with disabilities that don't have the same level of support are not being treated fairly. As no agreement could be reached, the complaint has been referred to me to decide.

My further investigation

When the matter was referred to me, I had questions for both parties.

I contacted Halifax. I considered it should have done more to explore what may have been possible to support Mr S.

Halifax was sorry for the service Mr S had received and agreed it was not at the level the bank would expect. It explained Mr S's disabilities were not a factor in the bank's decision to say that he could not have the preferential interest rate without holding a current account. It said that if Mr S had applied for a current account, there would have been no barriers in the application process because of any additional needs.

Halifax said it has since updated its product range and migrated legacy passbook accounts like the one Mr S held to new product offerings.

I also contacted Mr S's brother. I acknowledged what he'd told us about Mr S's literacy and numeracy skills and how running a current account would be too much for Mr S to manage by himself. I said Mr S's personal circumstances mean that he would be considered to be a vulnerable customer and someone that is susceptible to harm when a bank doesn't act with

appropriate levels of care. I agreed that Halifax did not do enough to meet Mr S's additional support needs.

I explained to Mr S's brother that I was unable to fairly say that Halifax should have to give Mr S the savings account with the preferential rate that was linked to the current account if technically he didn't qualify for it. This was because it was not open to any customer across the board that didn't hold a linked current account for more than 40 days, so Mr S wasn't being treated differently or unfavourably in that regard. But I thought that the bank had let Mr S down with the way the situation was handled. As it couldn't have given him the preferential rate, it should have explored equivalents, being mindful that it needed to provide appropriate support to vulnerable customers like Mr S so they can experience outcomes as good as those for other customers.

I recognised there was the potential for a loss of interest, but it was hard to quantify how much when we can't now know what Halifax would have ultimately been able to offer Mr S. I also recognised there would have been some resulting distress and inconvenience as a result of the poor experience from start to finish, culminating in the feeling there was no alternative but to make new banking arrangements. I acknowledged that Halifax had offered £50 compensation for giving Mr S the wrong information about the preferential interest rate in its letter of 15 March 2023. I did not include the £100 that Halifax offered in February 2023 as this was for the poor service provided when Mr S wanted to make a branch appointment. To my mind, £50 did not go anywhere near enough for the way the matter around the savings account had been handled, and in the round, I indicated that an award of a further £500 to make a total of £550 would be much more appropriate. Halifax agreed that it would be willing to make this award. It apologised again for the service Mr S had received and expressed disappointment that the bank had not been able to resolve this matter.

I explained I was not able to make any award to recognise Mr S's brother's personal time and commitment to resolving the issue because it is Mr S that is the person that's eligible to complain to us. As his representative, Mr S's brother is stepping into his shoes, and we do not award compensation for the impact that's been incurred personally whilst doing that. I was also mindful that the involvement of Mr S's brother effectively shields Mr S from a lot of the upset and stress he might have otherwise felt if he'd been able to understand the implications of what was happening.

Mr S's brother appreciated the efforts I had put into the case, but wanted it to have a formal decision to lead to improvements for other customers like Mr S. He was concerned how Halifax may approach these types of situations in the future. He also asked if I would reconsider my thoughts on the proposed settlement. In summary, he wanted Halifax to show its goodwill and to make an ex-gratia offer of something for his time. He felt this would be a good way for the bank to show its contrition and that it would learn from this incident.

Halifax considered Mr S's brother's points but said it was not willing to offer any further compensation specifically for his time.

In closing, Mr S said he believes Halifax has operated in ways that breach Equality Law and this is something that the Financial Ombudsman Service should pass on to relevant enforcement authorities. He asked me to consider raising the compensation award given the public interest implications of the case.

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.

It may help if I start by explaining the role of this service. The Financial Ombudsman Service is an alternative dispute resolution service set up to resolve individual complaints based on what is fair and reasonable in the circumstances of each case. The Financial Ombudsman Service does not fine or punish businesses, or request that businesses change their processes or practices – that is for the regulator, the Financial Conduct Authority, to consider. So I will only consider here what has happened in the circumstances of Mr S's individual complaint.

When deciding what is a fair and reasonable resolution to a complaint, I am required to take into account any relevant law and regulations; regulators' rules, guidance and standards; codes of practice and (where appropriate) what is considered to have been good industry practice at the relevant time

Mr S's brother has maintained that Halifax has treated Mr S less favourably as a result of his disability. He says Halifax failed to make reasonable adjustments for him under the Equality Act 2010.

It's not for the Financial Ombudsman Service to judge whether Halifax has breached the Equality Act 2010 – that is an issue for the courts. But, as I've explained, I can take into account any relevant law when deciding whether I think Halifax has treated Mr S fairly and reasonably in the circumstances of this complaint.

Under the Equality Act 2010, businesses must take reasonable steps to remove barriers people face as a result of their disability so that, as far as possible, people with disabilities receive the same service as people who don't have a disability and are therefore not placed at a substantial disadvantage. This is known as the duty to make reasonable adjustments.

I agree with Mr S's brother that Mr S should reasonably be able to access the same banking products and services as other customers. The bank has explained to me there would have been challenges in adapting the way its internal systems are configured to offer the preferential interest rate to a customer without the linked current account. I'm also mindful that it is ultimately Halifax's decision to make about the promotions it wishes to offer on its products and part of the qualifying criteria for the preferential interest rate was to hold a linked current account. Halifax said Mr S could have applied for a current account to enable him to meet the criteria for the preferential interest rate and there would have been no barriers to that application process because of his additional support needs. As such, Mr S was not being prevented by the bank from holding a current account or for potentially qualifying for the preferential interest rate because of his disabilities.

I appreciate what Mr S's brother has said about how running a current account would have been too difficult for Mr S to manage himself. This is why I consider Halifax should have paid better attention to Mr S's needs to support him to be in a position to make full and effective use of the products and services the bank offered, or explored what alternatives would have been available to him. In this case, all parties are agreed that Mr S's interactions with the bank about his savings accounts didn't go as well as they should have done. It's clear that the bank missed multiple opportunities to give Mr S a bit more help and support. As a result, I felt a total compensation award of £550 was more appropriate and went some way to putting things right, reflecting the distress and inconvenience that had been caused to Mr S. I still consider this to be a fair way to resolve the complaint. Whilst I've thought carefully about everything Mr S's brother has said, it remains the case that he is not an eligible complainant in his own right and so I cannot award any compensation for his time or the impact experienced by him personally.

I recognise how strongly Mr S's brother feels about this situation. It's clear that he wants things to change for the better so that other vulnerable customers don't lose out. He's aware

that this decision will be published, and we do gather insight from the complaints we see and feed that back to businesses and other stakeholders, including the Financial Conduct Authority (“FCA”) and the Equality and Human Rights Commission (“EHRC”). Whilst this decision will bring to the end our complaints process, meaning we are not able to share any details of any discussions with stakeholders, I hope that this process has gone some way towards allaying Mr S’s brother’s concerns about the wider issues he’s raised.

My final decision

My final decision is that I’m upholding this complaint. If it has not already done so, Bank of Scotland Plc trading as Halifax should pay Mr S £550 compensation.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr S to accept or reject my decision before 4 July 2024.

Claire Marsh
Ombudsman