

The complaint

Mr A on behalf of his business (J) isn't happy with The Royal Bank of Scotland Plc. The monthly fees to run business accounts went up from £20 to £160 per month. Mr A isn't happy with the charges and wants compensation for the time he spent trying to resolve this with RBS.

For ease I'll refer to Mr A as the business owner and complainant throughout.

What happened

Mr A got a letter from RBS letting him know that his monthly business account charges would increase from £20 to £160 per month. He contacted RBS and was told as he didn't have a small business relationship manager any discussion over the increase in the monthly charges would have to be with the RBS complaints team. RBS sent Mr B confirmation that if he lowered his number of accounts to less than 11 it would keep the charges at £20 per month. A week later RBS got in contact again with Mr A to say it had made a mistake. It now said if Mr A had between 6-10 accounts it would charge £80 per month and if he had between 1-5 accounts then it could charge the £20 per month. Mr A remained unhappy and brought his complaint to this service.

Our investigator upheld the complaint. He said RBS had moved customers on to the tariff for the different number of accounts in 2017/8. But Mr A's business accounts hadn't been included and so he had unknowingly benefited from the lower £20 charges for that time. He didn't think RBS had acted unfairly. But he did think RBS should compensate Mr A for the confusion and mistakes when it told him if he had below 11 accounts, he could still pay £20 a month. Our investigator said RBS should pay Mr A £50.

RBS agreed, but Mr A didn't accept this and asked for his complaint to be passed 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.

RBS sent Mr A correspondence on 30 January confirming the monthly fees for his account would go up from £20 per month to £160 per month on 1 April. When he got the letter Mr A called RBS to discuss this. In view of his business banking arrangements a referral to the RBS complaints department was set up. The complaints department agreed that if Mr A could reduce the number of accounts he had to less than 11 (by 1 April when RBS said the new charges would apply from) it would continue to charge him the £20 per month.

It appeared that the matter had been resolved at this point. But a week later RBS sent Mr A an email letting him know it had made a mistake. The email now confirmed if Mr A reduced the number of accounts to below 11 his charges would be £80 per month, but if he had five or less it would be £20.

This understandably upset Mr A. He'd now have to further reduce the number of accounts to five or less to maintain the charges he'd been used to. Mr A expected RBS to honour the £20 per month charge.

Mr A said this would have a big impact on him and his business as the charges were so much higher than he'd been used to. He said this had caused him stress and that he had wasted a substantial amount of time dealing with the issues.

Mr A doesn't accept that he should have to pay £80 per month from 1 April. He thinks it should stick with the £20 charge for up to 10 accounts from that date.

Mr A said he also needed £500 compensation for the stress caused and the time wasted.

RBS said there was no bank error. It said Mr A had benefitted from being on a historic tariff for the last five years and his accounts were now just falling in line with the rest of the customer base. RBS accepted its complaint handler did supply incorrect information but said the correct details had always been on the website.

RBS also provided a copy of its business account charges brochure which confirmed the structure for the different number of accounts and the charges rising from £20 to £80 to £160 depending on the number of accounts.

RBS said it had moved the majority of customers in 2017/8 onto a single tariff. But some accounts had benefitted from not being moved and avoided charge increases. It was now correcting this by moving everyone to the tariff, but it wasn't asking customers to repay any of the charges that had been missed.

Looking at the evidence although I understand Mr A's concerns, I don't think RBS acted unreasonably. It gave plenty of notice about when the charges would apply from. Also, when it gave him the wrong information it rectified its mistake a week later. It can vary charges in line with its terms and conditions. So, I think RBS has fairly applied the charges based on the number of accounts.

I can understand why Mr A was upset with the charges letter when he first received it. The increase in charges would seem huge to a small business.

It's also clear that Mr A felt a fresh agreement had been struck with the bank when he was told if he trimmed down the number of accounts below 11 (which he did) before 1 April he could maintain the £20 charge. So, when he found out this was a bank error he would have been further frustrated.

Although RBS said there were no errors I don't agree. In terms of RBS applying the new tariff with the notice given I agree it could and that wasn't a mistake. But it did make a mistake when Mr A asked it to review his situation. So, RBS should compensate Mr A and I think £50 is reasonable based on the mistake and the time involved.

Mr A raised some further points after our investigator issued his view to the business directly and with our investigator. But these weren't linked to the original complaint so I can't comment on them or make a finding on them in this decision. I've asked our investigator to go back to Mr A to check on any further issues.

Putting things right

- Pay Mr A £50 compensation for the distress and inconvenience caused.

My final decision

I uphold this complaint.

I require The Royal Bank of Scotland Plc to:

- Pay Mr A £50 compensation for the distress and inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask J to accept or reject my decision before 18 September 2024.

John Quinlan
Ombudsman