

The complaint

Miss C says the service Shawbrook Bank Limited provided when her fixed rate bond was due to mature was wholly incompetent. The compensation it has offered is not adequate.

What happened

Both parties are familiar with the details of this case so I will not set them out in full here. In summary, Miss C's 1-year fixed rate bond was due to mature on 8 December 2023. She mailed her maturity instructions on 30 November 2023. They were not received by Shawbrook. When she rang to follow up on 11 December 2023 she failed security. It then transpired there were a number of problems with her customer profile that were not resolved efficiently and delayed the transfer of funds until 5 February 2024.

Miss C asks to be made good for the loss of interest she suffered as a result of the delay and a compensation payment for the distress and inconvenience.

Shawbrook says it cannot be held liable for the delay caused by the posted instructions that it never received. But it accepts that on 13 December 2023 and 18 January 2024 it did not process Miss C's maturity instructions received via secure message. Also, as it did not identify all of the issues with her profiles that needed merging this caused more delays. It offered to pay Miss C £716.81 of lost interest to cover the period from 13 December 2023 to 5 February 2024 at the rate of 4.4% (the rate she was receiving prior to the account maturing). It offered £200 compensation for the trouble and upset its poor service caused, and said both sums would be paid within five working days.

Unhappy with this offer Miss C brought her complaint to this service. She had set out in her complaint to Shawbrook what she believes a fair settlement would be and its offer falls short. This would be £892.64 for lost interest, £72.64 for the future lost interest as rates had dropped and £750 compensation for the distress and inconvenience she experienced. She says this would better recognise the time she spent resolving this issue and the impact it had on her mental and, most likely, physical health.

Our investigator upheld Miss C's complaint in that she agreed there were multiple service failings on the part of Shawbrook. With regards compensation, she said Shawbrook should pay Miss C:

- an additional £200 for the distress and inconvenience it caused which will take the total compensation to £400;
- an additional two days interest for being deprived of her money from 11 December 2023 using the same rate as previously applied;
- add 8% simple interest against the compensation figure of £716.81 which should've been paid within five working days of 13 March 2024 up to the date of settlement.

She explained why it was fair to use the interest rate of 4.4% to calculate Miss C's loss and why she did not agree Shawbrook should be held liable for any hypothetical forward loss of interest.

Shawbrook agreed with these findings but Miss C did not. She said, in summary, Shawbrook had made mistake after mistake and for a regulated entity its level of incompetence is staggering. She estimates it has taken 30 hours of her time so the £400 is not appropriate compensation for this loss. The interest rate that is relevant is what was on offer at the time she should have received her funds (5.2% gross on a 1-year fixed rate bond). Whilst she cannot provide concrete evidence she was intending to reinvest in a 1-year bond, her investment history should lend weight to that position. Miss C concluded that despite the outcome being in her favour, Shawbrook has effectively received no penalty despite the catalogue of errors and its appalling conduct.

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 have also taken into account the law, regulator's rules, relevant codes of practice and what was good industry practice at the time.

I am upholding Miss C's complaint but I am not increasing the award of compensation. I'll explain why.

First I want to reassure Miss C that I have carefully considered all of her submissions, including the very helpful and thorough timeline of events set out in her letter to Shawbrook, dated 6 February 2024. I mean no discourtesy by this, but in keeping with our role as an informal dispute resolution service – and as our rules allow – I will focus here on the key issues that are material to the outcome of her complaint, and those that remain in dispute.

Shawbrook accepts that the service it offered fell short of what Miss C is entitled to expect. I agree and I note as she points out, error followed error which meant Miss C was without access to her money for almost two months. It has been agreed between the parties now that Shawbrook needs to compensate Miss C for lost interest from 11 December 2023 to 5 February 2024.

What remains in dispute is the interest rate that should be applied. Miss C has sent in the rates Shawbrook offered at the time highlighting that even the easy access savings account paid 5% gross per annum. But as Miss C's maturity instructions were to pay the funds into her nominated bank account the evidence doesn't suggest that she intend to reinvest with Shawbrook. For this same reason I do not consider any compensation is due for the loss of future interest contrary to the argument Miss C put forward.

Miss C has been able to evidence that she reinvested the funds with another provider on 1 March 2024 at an interest rate of 4.02%. As Shawbrook's calculation uses the interest rate of the old bond at 4.4% I think Miss C will be fairly compensated by its payment of £716.81. I agree that as this payment was not made within the timescale Shawbrook had committed to interest of 8% should now be applied to that sum.

With regards the compensation for the avoidable distress and inconvenience I find £400 to be fair. When a business gets things wrong, we often tell them to pay compensation, to recognise the inconvenience, their error(s) and the impact it had. In terms of the amount, it's worth bearing in mind that we're not the regulator – we're here to resolve complaints informally, and not to issue fines or to punish businesses. So when Miss C argues despite Shawbrook's conduct it has not paid a penalty she is to a point right. Our role is to look at individual complaints, the regulator has oversight of any broader systemic issues and it has the power to penalise firms, as appropriate. In addition, we do not view awards in terms of an equivalent hourly rate for time taken, rather we look at the impact of an error(s). In this

case Miss C suffered a quantifiable financial loss, as well as stress and inconvenience from having to make multiple, frustrating contacts with Shawbrook. But I am satisfied that by making good the loss of interest at a fair rate and by paying a total of £400 compensation Shawbrook is now treating Miss C fairly.

This brings to an end what we can do in relation to this complaint.

Putting things right

Shawbrook must pay Miss C:

- an additional £200 for the distress and inconvenience it caused which will take the total compensation to £400;
- an additional two days interest for being deprived of her money from 11 December 2023 using the same rate as previously applied;
- add 8% simple interest* to the compensation figure of £716.81 from five working days after 13 March 2024 up to the date of settlement.

*If Shawbrook deducts tax from the interest element of this award, it should provide Miss C with the appropriate tax certificate so she can submit a claim to HMRC if applicable.

My final decision

I am upholding Miss C's complaint. Shawbrook Bank Limited must put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 29 October 2024.

Rebecca Connelley
Ombudsman