

The complaint

Mr B complains that Sainsbury's Bank Plc should pay him more compensation than it has offered, after admitting poor service arising in connection with an application he wanted to make for a savings account that offered tax benefits.

What happened

In January 2024, Mr B opened a savings account that offered tax benefits.

Shortly afterwards, Mr B contacted Sainsbury's Bank when he was unable to open a Fixed Rate Cash Individual Savings Account ('FRISA') which also offered tax benefits – he thought the problem might be an online banking issue.

Sainsbury's Bank said he could only open one account of this type in any given tax year – and he'd already done that. By then, Mr B had already made arrangements with a third-party to start the process of transferring-in money to Sainsbury's Bank. He told Sainsbury's Bank what he wanted it to do to sort things out for him.

When Mr B complained to Sainsbury's Bank about what happened, it said the FRISA terms and conditions explained that customers can only open one FRISA account per tax year. But it agreed that it had provided poor service when it failed to put a note on his account to stop the transfer-in and failed to close the account Mr B said he'd opened in error. Following further discussion, Sainsbury's Bank also acknowledged that it shouldn't have processed his transfer request, as the details on the form related to his existing FRISA, and he was outside the 30-day deposit period. Sainsbury's Bank offered Mr B £100 compensation in total in recognition of its poor service and the upset caused.

Mr B didn't feel this went far enough to resolve things and he brought his complaint to us.

Our investigator thought that Sainsbury's Bank's offer was fair in all the circumstances. Briefly, she said that the account terms and conditions reflected the policy decision made by Sainsbury's Bank to allow customers to open only one account of this type in each tax year. Information about subscription options was also detailed in the welcome pack Sainsbury's Bank sent Mr B when he'd opened his first FRISA and Mr B had been able to see the account options available to him when he'd logged into his online account. The investigator didn't feel that the fact alone that Sainsbury's Bank's main website showed it offered customers a FRISA was a reason to uphold the complaint. And she didn't think that Mr B had suffered any financial detriment.

Mr B disagreed with our investigator, mainly saying that he felt he was due more compensation for what happened and he asked for an ombudsman review. He sent us further information in support of his view that '...significantly higher levels of compensation are being paid in the market place in respect of similar cases'.

The complaint has come to me for a 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.

Having thought about everything I've seen and been told, I've independently reached the same overall conclusions as our investigator. I'll explain why I say this.

The main background facts are not in dispute so I don't need to say more about what happened. Sainsbury's Bank accepted that it made some errors in the way it dealt with Mr B's instructions. As Sainsbury's Bank has upheld the complaint, I will concentrate on the question of fair redress, which is the main reason Mr B has requested an ombudsman referral.

Our approach to redress is to aim to look at what's fair and reasonable in all the circumstances of a complaint. One way we would try and do this impartially here is to put Mr B in the position he'd be in if Sainsbury's Bank hadn't been responsible for the poor service issues it has admitted. So my starting point is to think about the impact on Mr B of what happened.

I've thought first about financial loss. I haven't been provided with anything to show that Mr B is out of pocket as a result of any poor service on the part of Sainsbury's Bank. The money he wanted to transfer-in remained invested throughout.

Fair compensation isn't however just about monetary loss – it also needs to properly reflect the wider impact on Mr B of Sainsbury's Bank's service failings.

I don't doubt that Sainsbury's Bank's admitted poor service would've been frustrating and inconvenient for Mr B. It doesn't however automatically mean that a large financial payment is due as compensation. Each complaint is looked at on its own merits - I've looked at the circumstances that apply in this particular case and what happened on other cases doesn't change my conclusion here.

We expect consumers to take reasonable steps themselves to limit the impact of things going wrong. I've kept in mind that Mr B had access to sufficient information that set out, in reasonably clear terms, that Sainsbury's Bank allowed customers to open only one account of this type each tax year. The account terms and conditions cover this, and Mr B would've signed up to these in order to use the account. The information was included again in the welcome pack he'd been sent when he opened his first FRISA. So I can't fairly hold Sainsbury's Bank responsible for Mr B mistakenly thinking he could open a second FRISA with Sainsbury's Bank.

But it's clear that he was let down by Sainsbury's Bank after he gave instructions about what he wanted to happen to sort things out.

Overall, I think the £100 compensation offered by Sainsbury's Bank is fair and reasonable in all the circumstances. It reflects the distress and inconvenience Mr B was caused. Beyond this, I don't agree that Mr B's experience warrants further compensation. I am satisfied that £100 matches the level of award I would make in these circumstances had it not already been proposed. It is in line with the amount this service would award in similar cases, and it is fair compensation for Mr B in his particular situation.

I have set out below the steps I require Sainsbury's Bank to take.

Putting things right

Sainsbury's Bank should pay Mr B £100 compensation, as it has already offered to do, to reflect the impact on him of its admitted poor service.

My final decision

My final decision is that I uphold this complaint and direct Sainsbury's Bank Plc to take the steps set out to put things right for Mr B.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 19 September 2024.

Susan Webb
Ombudsman