

The complaint

Mrs M complains about RCI Bank UK Limited (“RCI”) for communicating with her in a way which gave the impression her account had been compromised. She wants compensation for the distress and inconvenience she suffered.

What happened

Mrs M held an account with RCI.

She had around £10,000 deposited with the bank. Mrs M held a power of attorney in relation to another person. In relation to that power of attorney, Mrs M sought to try to open an account with RCI for that person. There were issues in the way that application was handled, and these have been addressed in a separate matter.

As Mrs M was, in that matter, acting on behalf of another person, effects upon her from issues she experienced during that process are addressed in that matter. This matter concerns what happened to Mrs M, on her own account.

On 21 January 2023, Mrs M moved all but around £100 out of her account due to fears that her account had been compromised.

On 26 January 2023, Mrs M received a text message from RCI. It said words to the effect of “Your new linked account is live. Any questions? call us on [contact number]”. Mrs M also received an email that same day, which detailed: “Thank you for updating your linked account (the account you use to make payments to and from your savings account). The changes have been made and you’ll see them the next time you log into internet banking. A few things to note ▪ We’ve removed the details of your old linked account so please cancel any payment due to be made to or from your old linked account ▪ If you used to get your interest paid into your old linked account, don’t forget this will now get paid into the new linked account. If you have any questions, please email hello@rcibank.co.uk or call us on 0345 6056 050.”

Mrs M had not sought to make any change to her own account, nor to link the other matter to her own.

She had also recently been led to believe that her documents had been lost, and she feared that she may fall victim to identity theft.

She contacted RCI, and spoke with an agent. The agent gave her the impression that the text message was fraudulent, and they could not identify any account linked to Mrs M’s account.

Mrs M described being panic stricken that someone had made a change to her account and that her details had been changed or accessed without authority.

On 27 January 2024, Mrs M received a letter from RCI, dated 24 January 2023. This letter explained that the change was the account opening of the person Mrs M was acting for, and that her own account remained unchanged.

It also confirmed that identity documents which she believed lost had been found at RCI.

Mrs M complained to RCI. As she complained about actions in respect of the other person's account opening at the same time, her complaints were dealt with together. RCI acknowledged failings in communication and offered compensation to reflect this.

This appears to have been offered to Mrs M, and payments were made to Mrs M's account, rather than to the new account. Mrs M accepted compensation of £75 to her account, but rejected the further £125 which was offered.

She contacted us.

Our investigator considered this matter and felt that the compensation offered to Mrs M, of £125, was reasonable. He did not recommend that RCI do anything further.

Mrs M did not accept that view and asked for an ombudsman decision.

I issued a provisional decision in respect of this complaint in August 2024. In that provisional decision I set out that I thought that RCI had let down Mrs M in her capacity as a consumer, between around 21 January 2023 and 27 January 2023. I thought that to put matters right RCI should pay to her £100 compensation for her distress and inconvenience.

That provisional decision has been shared with the parties and they have been invited to comment.

RCI has responded and accepts the provisional decision.

Mrs M has responded and raised some points for further consideration. These are that she feels that I have conflated her status as a consumer and her status as a personal representative over the period of the complaint and she feels that this has led me to make a lower award for her distress and inconvenience. She also feels that I have penalised her, in terms of compensation, because of her action to mitigate her exposure on this account, which meant that she did not have much money in the account at the relevant time.

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 appreciate Mrs M's thoughtful comments and the care she has taken in this complaint. I realise that making any distinction between the distress and inconvenience she suffered as a consumer and as a personal representative feels artificial, when throughout the whole period she was both consumer and personal representative.

I have looked again at how I have treated this, and I have sought to be clear on what role I can consider in relation to compensation in each matter. In this circumstance, it is less helpful to look at Mrs M's role at the time of the actions, but instead to look at the bank's wrong actions and to whom the bank owed its duty at the time of those actions.

In this case, RCI gave confusing information throughout December 2022 and January 2023 and led Mrs M to believe that her identity documents had been lost. This undoubtedly

caused Mrs M worry and upset, but I have not factored this into the compensation award in this case. This is because those actions of the bank were directed towards the person Mrs M was acting as representative for. Its duty in those actions was owed to the other person, rather than to Mrs M as an account holder in her own right.

In respect of Mrs M's own account and her direct relationship with RCI, RCI sent some confusing information and was unhelpful in communications, but this was over a short period of time in late January 2023. These actions and communications were wrong, and RCI's duty was towards Mrs M in her own right when acting here.

This means that, whilst Mrs M was a consumer throughout, she only suffered inconvenience and distress as a consequence of RCI's actions towards her as a consumer for a short period, and in relation to the amount left in her account at the time of RCI's confusing messages in January 2023. The remainder of the time she suffered distress and inconvenience as a consequence of RCI's actions towards the other person, and in Mrs M's capacity as a personal representative.

I hope this explains why there is a distinction applied.

Mrs M has also commented that because she acted to remove funds from her account before RCI's actions above, she feels that this is held against her and has the effect of reducing the penalty applied to RCI.

I appreciate why she feels like this, but the way we base our compensation is on the consequences of wrongdoing on the relevant consumer, not as a punishment on businesses. The fact that she had reduced her exposure is not held against her, but does make a difference to the effect that she suffered at the time RCI acted wrongly towards her.

Consequently, I am grateful to Mrs M for her additional comments, but I remain of the view set out in my provisional decision. I adopt that decision and reasons, as supplemented by the above, as my final decision.

My final decision

For the reasons given above, and in my provisional decision, I uphold Mrs M's complaint and direct RCI Bank UK Limited to pay to Mrs M £100 compensation for her distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 7 October 2024.

Laura Garvin-Smith
Ombudsman