DRN-5049901

The complaint

Mr P complains that Bank of Scotland plc trading as Halifax applied a 90-day interest charge when he closed his Fixed Saver account early.

What happened

Mr P deposited £40,000 into a 1-year Fixed Saver account with Halifax. He opened the account on-line on 8 November 2023. On 20 March 2024, Mr P asked for the account to be closed. Halifax applied a 90-day interest charge because Mr P had closed the account early – before it was due to mature in November 2024. The 90 days' interest amounted to £461.01, and this was balanced against interest of £702.95 which had been earned on the account balance since 8 November 2023.

Mr P says he wasn't made aware - when he opened the account, that there would be a charge for early closure. He added that the charge is disproportionate, and that he felt under duress by branch staff to sign a waiver saying he agreed to the charge when he asked to close the account. So, he complained to Halifax.

Halifax didn't agree that it had done anything wrong or treated Mr P unfairly. It said details of the early closure charge are included in the terms and conditions of the account. It added that the branch staff had acted correctly in telling Mr P that the account couldn't be closed if he didn't accept the charge as he'd already agreed to when he opened the account.

Unhappy with the response Mr P referred his complaint to this service. One of our investigators looked into it. But she didn't uphold the complaint. She said Mr P applied for the account on-line. This meant it was a non-advised sale. And, as such, it was Mr P's responsibility to read and understand the terms of the Fixed Saver account before opening it. She also thought Mr P was asked to sign a waiver as the branch staff wouldn't have been able to close the account without Mr P agreement to the closure charge.

Mr P didn't agree. He asked to see evidence that Halifax had told him about the early closure charge when he opened the account and that he had agreed to it. The investigator provided screenshots of what Mr P would have seen and completed throughout the on-line account opening process. And she explained that, because the account was opened on-line, Mr P's physical signature would not have been obtained. But she said that Mr P would have needed to tick the box – accepting the terms and conditions, otherwise he wouldn't have been able to complete the account opening process.

Mr P said he didn't recall ticking the box and he said the investigator couldn't rule out an IT error. But the investigator thought it was more likely than not that Mr P had ticked the relevant box at the time of opening the account. As agreement wasn't reached, the complaint has been passed to me to decide.

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 done so, I've reached the same overall conclusion as the investigator. I know Mr P will be disappointed, so I'll explain why.

Mr P applied on-line for the 1- year Fixed Saver account. I've looked at the account opening screenshots Halifax has provided and which Mr P would have seen and completed when he was completing the account application.

This includes:

'Can I withdraw money?

You can't make withdrawals from this account, but you can close the account early.

If you close the account early, for the one year term account you'll be charged the equivalent of 90 days gross interest……

So, I'm persuaded Mr P should have reasonably been aware he was investing in a fixed term account and the consequences of closing the account early when he was completing the application.

I know Mr P would like to see proof that he ticked the box to accept the terms and conditions of the Fixed Saver account. But Halifax hasn't been able to provide this information. In such circumstances, my role is to decide what I think most likely happened given the information I do have – including Mr P's comment about potential IT issues.

I think its usual practice – when completing any application on-line, that the applicant is asked to tick to confirm they have read and agree to the product terms and conditions. And, if the box isn't ticked the application doesn't complete. In this case, Mr P's account was opened, and he was able to deposit his money. So, while I acknowledge that Mr P may no longer recall ticking the box - on balance, I think it's more likely than not that he did.

Mr P has said he felt under duress in the branch to sign a waiver agreeing to the charge. But I'm persuaded the purpose of the waiver was to ensure the Mr P fully understood the impact (the 90-day interest charge) of closing the account early. So, I don't find Halifax did anything wrong here.

Mr P also says the charge is disproportionate. But I don't find it unusual that Halifax's Fixed Saver account has such a term. Generally, businesses offer better rates of interest in return for the customer investing their money for a fixed period of time as opposed to the interest rates applicable to instant access accounts which don't incur a fee when making a withdrawal or closing the account. And the charge was also deducted from the interest accrued not the capital sum deposited.

Overall, I'm persuaded that when Mr P opened the account, he should have reasonably been aware that he was investing his funds for a full one-year term and, he wouldn't have been able to access the funds in the account – without a penalty charge, until the account matured in November 2024. So, I don't find that Halifax has done anything wrong here or treated Mr P unfairly.

My final decision

For the reasons given above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr P to accept or reject my decision before 12 November 2024.

Sandra Greene
Ombudsman