

The complaint

Mr O complains that Principality Building Society didn't send him an activation code for his savings account which resulted in inconvenience and the loss of interest.

What happened

Mr O explains that he opened an online account with Principality on 12 August 2024 and also applied for a postal activation code. This didn't arrive and he had to request this again. He received this on 21 August 2024 and then added funds to his account. He wants to claim nine days lost interest on the balance of £85,000 at the rate of five per cent per annum - that is £104.79 - plus £75 for the mistake and his time and effort.

Principality said it had paid Mr O £25 in compensation. It accepted that in error an activation code wasn't sent to him when he first requested this. Mr O activated his account online on 21 August 2024. But Principality said that he wasn't prevented from adding funds to the account without the activation code. And his funds wouldn't be 'frozen' as he claimed until this was received. Principality said that an activation code could take three to five days to arrive. And that it wouldn't be fair to prevent funds being paid in until this was received. It also said that Mr O would have been able to access his account by phone if he needed to. Principality referred to a phone call it had with Mr O in which he said that the funds had been in another savings account before transfer, and so it concluded that he didn't lose out.

Our investigator didn't recommend that Principality do anything more. It had provided information to show that Mr O was told how to fund his account. And that there was no mention that an activation code was required to do so. She also noted what Principality had said about whether Mr O had made a financial loss. She had invited Mr O to let her know the location of his funds before the deposit, but he had declined to do so as he didn't think that this was relevant.

Mr O said he didn't think that the complaint had been handled in an impartial way. He said Principality would have become aware of the systems issue in the nine-day period and hadn't alerted him. He said that we'd jumped to the conclusion that the funds were in another interest-bearing account. Mr O stated that he didn't want to pay in funds until he could see and manage the money credited online and that this was a perfectly reasonable position. And that nowhere in the terms and conditions did it state that the money could be withdrawn other than online.

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 understand Mr O's position here: that he wanted to wait until he could access the funds in his account online before paying money in. And so be able potentially to transfer funds to another account – which I understand to be possible three times a year on this limited

access account. He would only be able to do that when he'd received an activation code. There would always have been a period during which he would as a result need to wait for that code to be received in the post.

I've looked at the information in the terms and conditions of the account and the welcome email. There's no reference to the activation code being needed to make a deposit. But it is indicated that the first payment in should be made within five business days, or the account may be closed. As Mr O says there is no clear reference to an ability to operate the account other than online and it was in the final response letter that Principality mentioned doing so by phone. He wasn't made aware of the systems error with activation codes until he contacted Principality and he had personally to request a further code as a security measure.

Mr O hasn't provided information about whether or not he was earning interest on the funds before he made the transfer. He's been specifically asked to do so by this service. And Principality has said he was earning interest on the funds based on a phone call with him – a recording of which I've listened to.

My assessment

There was clearly an error in that the code wasn't sent out initially. Mr O received the code on 21 August 2024 after nine days and based on what Principality said would have needed to wait for three to five days in the event no mistake had been made. I'm afraid I consider that it was Mr O's choice not to fund the account before he received the activation code. He wasn't prevented from doing so. And he chose to wait for the code to cover the potential he might quickly want to withdraw funds from this account online. For these reasons I don't find that Principality is fairly responsible for him not earning interest on the account any earlier. But even if I were to have done so I'd then have wanted to compare any interest he earned on the funds during that period to what he would have been paid to determine any actual loss. Principality has paid him £25 for its error and I consider that to be fair and reasonable.

My final decision

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 6 January 2025.

Michael Crewe
Ombudsman