

## **The complaint**

Mr S complains that Yorkshire Building Society (YBS) placed his money in a low interest bond without his agreement and then froze access to the funds. Mr S is unhappy that YBS couldn't easily set up a new account and asked intrusive questions as part of the account opening process.

## **What happened**

Mr S held a fixed rate bond with YBS which matured at the end of June 2023. YBS automatically transferred the funds into a fixed rate access bond paying 3.25% interest.

Mr S contacted YBS on 3 July 2023 to ask about available accounts. YBS gave him some information but said that due to a technical issue, he would not be able to access his account online for a few hours.

In October 2023, Mr S found out that he could benefit from a higher rate of interest by moving his money to a different account. Mr S was unhappy to find that he would lose 45 days interest if he moved money from the bond to another account with YBS. As an existing customer of YBS, Mr S thought it should be easy to move money to a different account. He was unhappy that as part of the application to open a new account, YBS asked for details of his income. Mr S didn't think this was relevant as he wanted to apply for a savings account.

Our investigator didn't uphold Mr S's complaint. She said that Mr S opened the bond on 30 May 2018 and that YBS provided a factsheet at the time containing key information about the account. Our investigator said that the factsheet gave Mr S three options when his bond matured. She was satisfied that YBS emailed the information to Mr S on 16 June 2023 advising him that the bond would mature on 30 June 2023.

Our investigator understood Mr S's frustration that YBS had available savings account which offered a better rate of interest. But she thought he could have managed his options online as YBS had given him clear information about the maturity of his existing bond.

Our investigator explained that the Financial Ombudsman Service is not the regulator. So, although Mr S was frustrated with the new account application process, we would not interfere in YBS's internal systems and commercial decision-making.

Mr S disagreed with the investigation outcome. He said he didn't see the email of June 2023 and was instead expecting to receive a letter about maturity of the bond. Mr S said when he phoned YBS, he was shocked to learn that his account had been frozen for a year at a low rate of interest. Mr S asked why he should have been expected to accept a lower rate than YBS was offering to other customers at the time.

Mr S said that each year he talked to YBS by phone about the renewal. Mr S said the document he signed back in 2018 is irrelevant to YBS's actions in 2023. Mr S pointed out that the bonds were one year accounts, not a five year account dating back to 2018.

Mr S said that he was prevented from transferring money into another account by the fact

that YBS wanted details of his income. Mr S said his income varies and he does not want to put untrue information on record. This meant he could not progress the transfer and YBS did nothing to help him.

Mr S thought that unnecessarily asking about his income is an intrusion into his personal life. He was not asking to borrow money from YBS and was an existing customer. So, Mr S thought we were supporting the abuse of his rights as a savings customer.

Our investigator told Mr S that her view remained unchanged. She said it was for YBS to determine the criteria it used to open a new account. As YBS adopts the same approach for all customers, our investigator thought this was fair treatment.

After considering the complaint, I issued a provisional decision on which said:

Although I may not comment on each and every point Mr S raised, this doesn't mean I have not read and considered everything he's provided. Instead, I have focused on what I consider to be the key points. This is not intended as a discourtesy – it simply reflects the informal nature of the Financial Ombudsman Service.

As I have referred to some information not previously shared with Mr S, I have issued a provisional decision. When I refer to the bond in my decision, I am aware that it is an online or eBond. I also appreciate that different terms may have applied to the bond which matured in June 2023 than the one opened in 2018, as the bond matured and renewed each year. And would be subject to the terms and conditions in force at the time of each renewal.

I am satisfied that YBS sent Mr S an email on 16 June 2023 to remind him that his fixed rate access bond was going to mature on 30 June 2023. The email gave him three options – automatically transfer funds into the bond paying 3.25% interest per year, choose a different savings account or close his account and move his money elsewhere. The same email explained that Mr S would have access to the funds in the bond account without any loss in interest until 31 July 2023. From 1 August 2023 onwards, Mr S could access the funds but would be subject to 45 days loss of interest. There was a link within the email to the terms of the bond, so I think YBS made Mr S aware of what would happen on maturity.

I appreciate that Mr S says he doesn't recall receiving the email in June 2023 but having listened to some of the call recordings supplied by YBS, I think it likely that Mr S was aware that the bond had matured in 2023. During a call on 3 July 2023, he referred to the bond maturing and asked about reinvestment options. YBS told Mr S that it could not change or open products over the phone but that he could do this by logging into his online account. At the time, YBS was experiencing technical issues which meant Mr S would not immediately be able to move the money elsewhere online. However, Mr S had until the end of July 2023 to move the funds without incurring any penalty. So, I think Mr S should have been reasonably aware of the steps he needed to take if he wanted to move the money elsewhere.

Mr S says he expected to receive a letter in the post about maturity and usually renewed the bond by phone but this is not what the evidence shows. YBS has supplied records which show that in June each year, it sent Mr S an email detailing the maturity options available to him. The emails will have contained links to relevant product terms and conditions for the bond. There is no record of YBS sending Mr S details of maturity by post and it confirms that it only communicated by email.

Since at least 2020, Mr S's bond has automatically matured into the default one year

bond. This means that Mr S has not previously given instructions to YBS on maturity, either over the phone or in writing. This may explain why he wasn't already aware that YBS would ask him for details of his income as part of the account opening application process.

YBS does have two records of contact from Mr S about the bond – one in early June 2019 when it confirmed that it would pay interest at the end of the month. And again in mid-June 2020 when Mr S asked about changing the account on maturity as he wasn't happy with the interest rate offered by YBS. But on neither of these calls, did Mr S give YBS instructions to do anything different with the funds in the bond at the time.

When Mr S contacted YBS in late October 2023, he said he had meant to call sooner as he was locked out of his online account because he needed to reset his password. As I don't have evidence to suggest that Mr S had previously tried to move the funds online, I don't consider it unfair that the funds remained invested at 3.25%. This is despite the fact that YBS may have offered customers other accounts at a better rate of interest. I say this because for the reasons outlined above, I am satisfied that YBS gave Mr S the option to move his money to an account with a better rate of interest either without any penalty before the end of July 2023, or with an interest penalty after 1 August 2023.

Although Mr S was unhappy that YBS asked him for details of his income when he applied to open a new account, I can't fairly interfere in its' usual account opening process. This service doesn't supervise, regulate, or discipline the businesses we cover – we resolve individual complaints. It would be for the regulator – the Financial Conduct Authority – to make decisions about the way in which businesses work and the processes they use. That being said, it may be helpful to explain that a financial business such as YBS is under a regulatory duty to know its customer. So, it's not unusual for a financial business to ask what might seem like personal questions when opening a new account. It follows that I don't consider YBS treated Mr S unfairly when it asked him to supply details of his income as part of the application to open a new account.

Mr S says the fact YBS asked him to supply details of his income without giving him the option to leave this information out, meant that he could not complete the application. But this was Mr S's choice to make. I don't consider it fair to require YBS to compensate Mr S because it would not deviate from the usual account opening process. And I don't think it is correct to say that the bond was frozen, because Mr S could have always withdrawn the money subject to 45 days loss of interest.

As I am satisfied that YBS sent Mr S an email about his options on maturity in June 2023 and he took no action until October 2023, I don't consider it unfair for it to say that the 45 day loss of interest would apply if Mr S moved the money out of the bond.

Overall, I am not persuaded that YBS made a mistake with the way it managed Mr S's bond so I don't require it to reimburse interest or pay compensation.

#### Further submissions

YBS did not respond to my provisional decision but Mr S disagrees with what I have said.

In summary, Mr S remains unhappy that:

- YBS asked for details of his income as part of the application process when it could have asked him for this information at any time in the past;
- YBS wouldn't override the requirement to supply details of his income;
- Despite offering other customers a better rate of interest, YBS transferred the funds into an account paying a low rate of interest without his knowledge;
- YBS didn't give him the information he needed to transfer the funds out during the call he had in early July 2023

Mr S is concerned that I have said some aspects of YBS' processes fall outside the remit of the Financial Ombudsman Service to consider.

Mr S has referred to the Consumer Rights Act 2015 (CRA) in support of his argument that YBS is obliged to act fairly and provide satisfactory products and services. And that by preventing him from moving his funds in October 2023 because he would not disclose his income, YBS is in breach of the CRA.

### **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 do not in any way seek to downplay the concerns that Mr S has expressed in his reply to my provisional decision but our service offers an informal alternative to the courts. If there's something I have not mentioned, it isn't because I have ignored it. I haven't. It's just that I'm satisfied I don't need to comment on every individual argument and respond to every single point that Mr S has made to be able to reach what I think is the right outcome.

As I said in my provisional decision, I don't think YBS treated Mr S unfairly when it asked for details of his income as part of the application for a new savings account. I don't think that by asking for details of his income, YBS was effectively locking his money in the bond. Just because Mr S is a long standing customer, I don't consider this means that YBS should have changed its usual process. And I don't find it surprising that Mr S hadn't been asked to supply details of his income in previous years because he had let his existing bond roll over into the default bond.

On the question of transferring the maturing funds in 2023, the evidence shows that YBS emailed Mr S – as it had done in previous years – to give him three choices to make. So, I don't agree that YBS transferred the funds without Mr S's knowledge.

Although YBS made other bonds available which paid a higher rate of interest than the default bond it used to deposit Mr S's matured funds, this is the process that it adopts for all customers on maturity. As YBS sent Mr S details of the maturity process, I don't find that it treated him unfairly in a way that means it should compensate him.

I understand Mr S's concern about the call that he had with YBS in early July 2023. As I said in my provisional decision, I think the contents of the call indicate that Mr S was aware that his bond had matured. YBS told Mr S that the funds had been placed into a fixed rate access bond earning interest at 3.25%. YBS also told Mr S that it offered a one year bond paying interest at 4.5%.

As Mr S held an eBond, he needed to manage the investment online and YBS explained this to him. I accept that a temporary problem with online access meant that Mr S would have had to wait a few hours to conduct the transaction online. But Mr S seemed to accept this and confirmed he would try and access his account later that day.

I don't think it's fair to say that because Mr S would not have been able to immediately log on to his account, that YBS is responsible for any failure to move the funds within the maturity deadline. I don't have evidence to suggest that Mr S called YBS later that day, or the next to say that he'd tried to move the funds online without success. As YBS had already explained to Mr S what would happen with the funds in his account, I don't consider that it let him down by not proactively contacting him when he left the money in the default account – as he'd done on previous years.

By the time Mr S contacted YBS in October 2023, the maturity deadline had passed. So, I don't consider it was unreasonable for YBS to say that there would be a 45 day loss of interest if he decided to close his existing bond.

I have thought about the points that Mr S brought up in relation to the CRA but I don't agree that YBS's actions mean it is somehow in breach of the CRA. For the reasons I've outlined above, I am satisfied that YBS supplied Mr S with details of the relevant terms and conditions for his bond each time it was due to mature. I haven't seen anything to suggest that the terms of the bond were unfair. I am also not persuaded that the obligation on businesses to supply satisfactory services extends to YBS, as the CRA is more concerned with services supplied by traders such as builders and other professionals. But even if I were wrong, I can't see that YBS failed to act with reasonable care and skill in its dealings with Mr S.

Overall, I still don't consider that YBS made a mistake or treated Mr S unfairly, so I don't uphold his complaint.

### **My final decision**

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 23 December 2024.

Gemma Bowen  
**Ombudsman**