

The complaint

Ms S is unhappy with several aspects of the service she received from The Royal Bank of Scotland Plc (“RBS”) surrounding the functionality of her accounts.

What happened

In May 2023, Ms S opened a current account, a cash ISA, and an investment ISA with RBS. However, these accounts never worked, and Ms S was never able to use them. Ms S raised a series of complaints about these accounts. But it was only after Ms S had raised several complaints that RBS told her that her accounts had been set up with an incorrect sort code and that she would need to close the affected accounts and open new ones (which would be opened with a correct sort code) if she wanted to resolve the matter. Ms S wasn’t satisfied with RBS’s responses to her complaints, so she referred her complaints to this service.

One of our investigators looked at Ms S’s complaints. They agreed that RBS had provided a poor standard of service to Ms S, but they noted that RBS had told Ms S what action she needed to take if she wanted to have functioning RBS accounts and that RBS had paid Ms S a total of £1,700 compensation for any frustration or inconvenience that she may have incurred. And our investigator felt that RBS’s actions, including the payments of compensation, already represented a fair resolution to Ms S’s complaint. Ms S disagreed, and so the matter was escalated to an ombudsman for a final 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.

Ms S has provided several detailed submissions to this service regarding her complaint. I’d like to thank Ms S for these submissions, and I hope that she doesn’t consider it a discourtesy that I won’t be responding in similar detail here. Instead, I’ve focussed on what I consider to be the key aspects of this complaint, in line with this service’s role as an informal dispute resolution service.

This means that if Ms S notes that I haven’t addressed a specific point that she’s raised, it shouldn’t be taken from this that I haven’t considered that point – I can confirm that I’ve read and considered all the submissions provided by both Ms S and RBS. Rather, it should be taken that I have considered that point but that I don’t feel it necessary to address it directly in this letter to arrive at what I consider to be a fair resolution to this complaint.

RBS have confirmed that when Ms S opened her accounts in May 2023, a procedural error meant that the accounts were assigned an incorrect sort-code which meant that the accounts could never have functioned as intended.

Ms S first raised a complaint about her RBS accounts in July 2023, when she complained that she was unable to transfer an ISA balance from her existing ISA account to her new RBS ISA accounts.

At that time, RBS's complaints team don't appear to have known that RBS were setting up new accounts with non-functioning sort codes. And while the complaints team upheld Ms S's complaint, and paid £500 compensation to her, they didn't understand why Ms S couldn't transfer her ISA balance to them. Additionally, instead of seeking to investigate and resolve the issue at that time, RBS's complaints team instead asked Ms S to contact RBS's ISA team herself and discuss the ongoing issue with that team. And because of this, RBS missed an early opportunity to understand the root cause of Ms S's dissatisfaction.

Ms S also complained to RBS about the non-functionality of her current account in 2023, and RBS initially responded to this complaint on 22 September 2023. At that time, RBS told Ms S that her current account was active and that they could see no reason why she couldn't receive credits into it or set direct debits to be paid from it. However, RBS apologised for the trouble Ms S was experiencing and paid a further £500 compensation to her, but again, didn't seek to understand and resolve the underlying issue.

Following this, Ms S continued to be unable to use her RBS accounts and she continued to speak with RBS about the matter. This led to Ms S having a conversation with one of RBS's agents on 29 January 2024, during which Ms S believed the agent had tried to better understand the issue she was experiencing by inputting her personal information into their own personal mobile phone so that they could see the error codes that Ms S was seeing when she tried to use her RBS accounts. Ms S wasn't happy about this, and she also wasn't happy that her ongoing issue with her RBS accounts remained unresolved, so she raised a further complaint.

RBS responded to Ms S on 16 February 2024 and confirmed that while their agent had used Ms S's sort code and account number into his personal phone to see what error codes Ms S might be seeing as a result, none of Ms S's personal details were used by their agent on their own mobile phone. However, RBS confirmed that their agent shouldn't have taken the action that they did and apologised to Ms S for what had happened and paid £200 to her by way of compensation.

But Ms S still couldn't use her RBS accounts, and she continued to speak with RBS about. This led RBS to issue a follow up to one of Ms S's earlier complaints in which RBS finally confirmed to Ms S that her accounts had been set up with an incorrect sort code. RBS also confirmed that this issue couldn't be fixed, and that Ms S would need to close her RBS accounts and apply for new ones, which would be set up correctly. RBS apologised to Ms S for what had happened with her accounts and paid a further £500 compensation to her.

It's unclear when RBS first became aware of the issue with the wrong sort code, but it seems reasonable to conclude that it was relatively soon after the issue began to occur. I say this because RBS fixed the procedural issue on 4 October 2023, and so must have been aware of the issue before that time to begin work on the fix that they implemented.

Additionally, while RBS implemented the fix on 4 October 2023, they didn't issue an internal notice to their staff about the matter until 30 October 2023. And even then, RBS don't appear to have made the matter priority, which RBS acknowledge meant that many of their staff didn't become aware of the issue or the fix that had been implemented.

It's difficult to understand why RBS, upon learning that new accounts had been set up with an incorrect and non-functioning sort code, didn't reach out to the affected account holders directly as soon as the issue had been identified.

Had RBS taken this seemingly obvious action, Ms S would have been made aware of the issues with her accounts in early October 2023 at the latest. But RBS didn't inform Ms S about what had happened, and they also didn't ensure that their staff were aware of the

issue or what needed to be done to resolve it. And because of this, Ms S wasn't made aware of the issue with her accounts and the fact that she would need to apply to open new RBS accounts until five months later.

This is exceptionally poor service by RBS by any reasonable standard. And so, I've thought about the impact of what happened here on Ms S along with any corrective action that reasonably needs to be taken and whether I feel the compensation that RBS have already paid to Ms S represents a fair outcome here.

Considering the corrective action aspect first, RBS have confirmed that the fact that the accounts were set up with an incorrect sort code can't be fixed, and that if Ms S would like RBS accounts of the types that she initially applied for that she would need to apply for new RBS accounts of those types. This seems reasonable to me, because ultimately a business can't be expected to fix an unfixable issue. Additionally, I note that RBS first appraised Ms S of this information in March 2024. Accordingly, I feel that from that time, the onus has been on Ms S to apply for new RBS accounts if she wants them.

Regarding the impact of what happened here on Ms S, it seems clear that Ms S has incurred a significant amount of upset, frustration, and inconvenience surrounding the non-functionality of her accounts and RBS's failure to proactively inform her about the incorrect sort code issue after they first became aware of that issue.

However, there are several mitigating factors which as an impartial party I also must take into account here. These include that Ms S had an existing current account and ISA accounts with another bank, which means that it wasn't the case that Ms S was deprived of these types of account by RBS's issues.

Additionally, if Ms S had wanted to invest money in her ISA accounts, but couldn't do so using her RBS ISAs, then she could have invested that money in any other ISA offered by any other ISA provider. And because of this, while I accept that what happened here was frustrating for Ms S, I don't feel that she can fairly be said to have incurred any tangible and unavoidable material impact as a result.

This leaves the question of whether the compensation already paid to Ms S by RBS for the trouble that she's experienced here already represents a fair compensation amount. And, upon consideration, I feel that it does.

I say this because RBS have paid a total of £1,700 compensation to Ms S. And while I accept that £200 of this compensation was paid for the poor service Ms S received when RBS's agent used their own personal mobile phone to look into her account issues, this still means that RBS have paid £1,500 to Ms S for the upset and inconvenience that she's experienced because she wasn't able to use her accounts from May 2023 when they first opened and wasn't told what she needed to do to resolve the issue until March 2024.

£1,500 is a significant compensation amount, and I can confirm that it's commensurate and possibly more than what I might have instructed RBS to have paid to Ms S here, given the mitigating factors that I've explained above. And because of this, I don't feel that RBS should fairly be instructed to pay any further compensation to Ms S regarding this complaint.

All of which isn't to say that RBS haven't acted poorly here. They clearly have. But it is to say that I feel that the compensation that RBS have already paid to Ms S does provide fair compensation to her in consideration of what happened here, including the length of time that Ms S was impacted by what happened and the factors that lessened the impact of RBS's mistakes on her.

Finally, Ms S feels that the actions of RBS's agent who input her sort code and account number into their personal mobile phone represents a breach of data regulations. However, this service isn't a regulatory body, and so it isn't within my remit to say whether a breach of data has occurred or not. Instead, my remit is focussed on whether I feel an outcome is fair or not. And in this instance, I feel that the apology and payment of £200 that Ms S received from RBS does represent a fair outcome to this aspect of Ms S's complaint.

I realise this won't be the outcome that Ms S was wanting, but it follows that because I don't feel that RBS need to take any further or alternative action here that I won't be upholding this complaint. I hope that Ms S will understand, given what I've explained, why I've made the final decision that I have.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms S to accept or reject my decision before 22 April 2025.

Paul Cooper
Ombudsman