DRN-5376028

The complaint

Mr Y is complaining that Blantyre Credit Union trading as Thistle Credit Union (Thistle) set up his account with the wrong bank details.

What happened

Mr Y joined Thistle in 2023. When he did so, he provided them with details of a bank account, Account B. Mr B says he wasn't using this account but provided those details because he didn't think Thistle would be able to verify his identity using the details of his other bank account, Account A.

Mr Y applied for a loan and opened a savings account. Thistle asked him to provide statements for the last three months and Mr Y provided statements for Account A, and then subsequently Account B. The funds from the loan were paid into Account B and Mr Y made repayments to Thistle from Account A.

Mr Y has now settled the loan and wants to close his savings account. He wants the funds paid into Account A. Thistle told Mr Y to do this he would need to provide a recent bank statement for Account A. Mr Y complained to Thistle – he didn't want to have to provide more documentation to access his savings - he considered this an invasion of his privacy.

In response, Thistle said financial regulatory requirements mean they have to check the destination to which funds will be sent. They acknowledged that Mr Y had previously sent them bank statements from Account A but said they needed an unedited statement dated within the last three months.

Mr Y remained unhappy so brought his complaint to our service. He said he should have had the opportunity to specify a chosen withdrawal account at the outset instead of Thistle making an assumption. He also said he thinks Thistle have enough evidence that Account A is valid and the account belongs to him, because he's been making payments to Thistle from Account A for the last twelve months and gave them statements from Account A when he applied for the loan. He said he wanted Thistle to change his withdrawal account details without any further documents or action from himself. And he wanted them to refund his £2 joining fee because of the error he says they made in the joining process.

One of our investigators looked into Mr Y's complaint but didn't uphold it. She said she didn't think Thistle had done anything wrong as they have a duty to comply with financial regulations. Mr Y wasn't happy and asked for an ombudsman's decision. He said Thistle had asked for bank details for identity verification and then used those details to set up a linked account without his knowledge and this was something that they'd done wrong. He also said Thistle had initially set up Account B as a linked account without having statements supplied for that purpose, so he didn't think they necessarily needed bank statements to set up Account A as the linked account.

In the meantime, Thistle explained that as an alternative, Mr Y could close his account and withdraw all funds in cash by going into a branch. They said they don't set up a payee account without one being requested, so hadn't set one up when Mr Y first opened the account. Thistle also said Mr Y had signed documentation to authorise the loan proceeds being paid to Account B. But Mr Y said this wasn't his intention, and when he signed this documentation it didn't show the name of the bank, only the account number and sort code. Mr Y also said Thistle had charged him £8 in fees since he first asked for the error to be corrected, which he didn't think was fair in the circumstances. And he told us that the Account B account is now closed. The complaint has now been passed to me for a 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.

Having done so, and acknowledging it'll be disappointing for Mr Y, I'm not upholding this complaint. I'll explain why below.

The initial set up of the account

On his application form, Mr Y provided the details of Account B. Thistle used those details to set up Mr Y's account with them, and Mr Y signed confirming he accepted the loan would be paid into that account.

I appreciate Mr Y says it wasn't immediately clear to him that the loan proceeds would be paid into Account B. But he says the account number and sort code were on the documentation, so I'm satisfied Thistle did enough at the outset to let Mr Y know they'd be paying the loan into Account B.

Mr Y says Thistle should have realised he would want funds paid into Account A because they went through his finances in detail and should have realised he didn't use Account B. But I don't agree. I can't say they should have made this assumption when Mr Y had provided them with the details for Account B. I don't think they acted unfairly or unreasonably in linking Account B with Mr Y's Thistle account and I'm satisfied they gave Mr Y the opportunity to change this before the loan was paid out.

Request for additional documents

I can understand why Mr Y doesn't want the funds paid to Account B – he says it's now closed. And I appreciate he doesn't want to send his statements for Account A to Thistle. Thistle have confirmed that, as long as it's dated within the last three months, Mr Y can send a statement that covers just one day, which minimises the amount of data he would need to share.

As Thistle have said, they do have a duty to confirm the destination of money they're paying out. And they have their own processes which govern how they do this. I'm satisfied they've not acted unreasonably in asking for a more recent statement for Account A – the last statements they had for this account were dated more than twelve months prior, and the account ownership could have changed in that time. Although Mr Y says he continued to make the loan repayments from Account A, this doesn't of itself prove that he was still the owner of that account. I do consider it likely that Mr Y is still the owner of Account A, but I don't think Thistle are acting unreasonably in requiring a statement to prove that this is the case.

Fees charged

I also don't think Thistle have acted unreasonably in continuing to charge fees on the account. They've been clear about how Mr Y can withdraw his funds and close the account and suggested the alternative of closing the account in branch.

My final decision

As I've explained above, I'm not upholding Mr Y's complaint about Blantyre Credit Union trading as Thistle Credit Union.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr Y to accept or reject my decision before 18 August 2025.

Clare King
Ombudsman