

The complaint

Mr C complains that Shawbrook Bank Limited refused to update his nominated bank account without using a third-party service which he feels uncomfortable about. Mr C wants Shawbrook to accept alternative proof as other financial institutions have done.

What happened

Mr C holds several savings and investment account with different financial institutions, all of whom have details of his nominated bank account. Mr C switched banks and so had to tell his other providers of the change in nominated account.

All except Shawbrook accepted either an electronic check or proof the new account was active to make the change. But Shawbrook didn't. It wanted Mr C to deal with a third-party business who carry out the checks on behalf of Shawbrook. Mr C refused to do this as he had no knowledge of the third-party business and wanted Shawbrook to do the same as his other providers had. Mr C raised a complaint.

In its final response, Shawbrook said that it had adopted a new policy where Open Banking was used to verify new nominated accounts. It said this was introduced for efficiency and security. It accepted postal verification had been an option previously but couldn't be used any longer. In response, Mr C asked Shawbrook to show him where he'd agreed to use Open Banking for account verification and Shawbrook said it hadn't advised its customers individually but had updated its website with the new information. Mr C remained unhappy and so referred his complaint to this service where one of our investigators considered the merits.

Our investigator didn't think Shawbrook had done anything wrong. They said, in summary, that this service can't tell a business to change its policies or procedures. We can only see that the business has correctly followed its procedure and hasn't treated the complainant unfairly. Mr C replied to our investigator saying that it was wrong for the business to change its method of verifying a change in bank account without notice and for us to take that evidence without considering its policies in the past. Our investigator said they took Mr C's views on board, but it didn't change their opinion and so Mr C's complaint has been passed to me, as an ombudsman, for a decision to be made.

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.

Whilst I appreciate this will come as a disappointment to Mr C, I don't intend to uphold his complaint. I hope my explanation will satisfy Mr C that I've considered all that he's said and reached what I believe is a fair and reasonable outcome.

It's important for me to reiterate a point made by our investigator. This service exists to resolve individual disputes between financial institutions and their customers. We don't have the power to tell a business that it should change its policies or procedures. That's the role of the regulator, the Financial Conduct Authority (FCA). If Mr C believes, as he says in his email to us of 3 May 2025, that Shawbrook has acted unfairly towards all its customers, then he is able to raise the issue with the FCA.

Mr C felt our investigator didn't answer the complaint he'd raised. The points identified, and confirmed as correct by Mr C were:

1. Shawbrook want Mr C to provide his new bank details to a third-party business which he doesn't know,
2. Shawbrook changed its policy on verifying nominated accounts without informing customers of the change and without due prominence on its website. He believes before the change was implemented, customers should've been given the opportunity to close their account without penalty,
3. Mr C wants clarity on where his savings will go on maturity and wants Shawbrook to accept the identification he's offering.

The crux of this complaint is points 1 and 2. Both, in my opinion, were business decisions that Shawbrook took and which I'm not able to tell Shawbrook to change.

Shawbrook took the business decision to change the way it verified a new nominated account. It didn't specifically contact all its customers to advise of the change in procedure (Shawbrook has acknowledged this in its response to Mr C dated 7 March 2025). Whilst I can't say if it was right to take the decision it did, I can consider whether Shawbrook's procedures put Mr C in a position different to any other consumer. I don't believe it did.

Shawbrook chose a third-party organisation to carry out checks on its behalf. It's not unusual for a business to contract out separate parts of its operation to another party if it considers there's a business benefit to doing so. So, there's nothing to stop Shawbrook doing what it did. And Mr C was not being asked to do anything that any other customer is or was being asked to do. So, he's not being treated unfairly compared to the rest of Shawbrook's customers.

Again, how Shawbrook chose to make its customers aware of the change in procedure was its business decision. The website does give details of how a nominated account can be changed and I think that's sufficient.

I can't tell Shawbrook to accept Mr C's proposals for identifying his new account. Shawbrook has a procedure in place and as that's being followed, I have no power to ask it to deviate from that policy. So, although Mr C would like Shawbrook to do something different for him, I can't ask it to do that.

I can't tell Mr C what will happen to his funds on maturity, he should confirm with Shawbrook what will happen if he hasn't updated his nominated account details.

My final decision

For the reasons given above, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 8 September 2025.

Stephen Farmer
Ombudsman