

complaint

Mr B complains about the way that Bank of Scotland Plc has dealt with his business account and the service that he's received.

background

Mr B had a business account with Bank of Scotland and he was being charged for an overdraft that was being used on the account. He changed the status of his business to a limited company and wanted an account set-up for the company and for the overdraft to be transferred to that account. He also wanted to be set up for internet banking. He says that he's had issues with Bank of Scotland since 2010.

He complained to Bank of Scotland about the service that he's received and it sent him a final response letter in August 2015. It said that his account was a partnership account so a new account was required and that he should contact the number provided to start that application. It refunded £350 of charges that he'd incurred and paid him £500 for his distress and inconvenience.

Mr B complained to Bank of Scotland again in July 2017 because he was continuing to have issues with his account. It sent him a final response letter in November 2017 in which it said that it was clear that the service he'd received fell short of its normal standards so it paid him an additional £150. It said that: a limited company account was opened in October 2017; it had extended the £10,000 overdraft facility on his partnership account until December 2017 but it was unable to transfer the overdraft to the company account (and in order to discuss an overdraft on the new account a full financial application was required); and to access internet banking he would need to register online and complete the relevant forms. Mr B wasn't satisfied with Bank of Scotland's response so complained to this service in March 2018.

The investigator said that Bank of Scotland hadn't consented to this service looking into Mr B's complaint before August 2015 and it had provided evidence to show that its final response letter was sent to him. And she didn't agree that exceptional circumstances had prevented him from bringing his complaint in time. So she said that she was unable to consider the events before August 2015.

Mr B says that Bank of Scotland has lost relevant papers, breached data protection rules and failed to respond to him on several occasions. And he says that it's of utmost importance that the situation is looked at in the whole and not in part.

I issued a jurisdiction decision on this complaint last month in which I said that this service doesn't have the legal power to consider Mr B's complaint about the events that happened before August 2015 but that it can consider his complaint about the events that have happened since then.

Mr B responded to that decision and says that the issues that he's had with Bank of Scotland from 2010 onwards were twofold:

- its administrative failure to provide him with internet services over several years despite his regular provision of pertinent documents which were lost in the bank's internal systems resulting in direct financial loss – and although that's been dealt with partially the problem continued after an amount of compensation was awarded and therefore is outstanding; and

- its failure to comply with data protection legislation – and those issues are serious and ongoing.

But the investigator said that the complaint about data protection legislation was a new complaint that hasn't been addressed by Bank of Scotland – so Mr B would need to raise this new complaint with it before this service is able to consider it.

She'd previously recommended that other aspects of Mr B's complaint should be upheld and she recommended that Bank of Scotland should pay an additional £350 to Mr B for the inconvenience that he was caused. She said that the limited company's account was set up in October 2017 but she thought that it would've have been set up earlier but for the errors caused by Bank of Scotland.

She thought that it was good practice for Bank of Scotland to assess the business' circumstances before transferring the overdraft to it and that it assessed the application for affordability for the new account and informed it of the outcome. And she thought that Bank of Scotland had given adequate notice before it withdrew the overdraft and she couldn't see that Bank of Scotland had acted out of line with its agreement with the business for the charges on the overdraft account. And she said that Mr B wanted access to the internet to be able to manage the overdraft account – but internet banking wasn't available because a new account was needed.

Bank of Scotland has agreed that additional redress of £350 would be applicable in the circumstances.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint – but only to the extent that it relates to events that have happened since August 2015. And I haven't considered Mr B's complaint that Bank of Scotland hasn't complied with data protection legislation. If he wants to make a complaint about that he should complain to Bank of Scotland about it – and if he's not satisfied with its response he may then be able to make a separate complaint to this service.

There have clearly been some failings in the way that Bank of Scotland has dealt with Mr B's business account. He complained to it in July 2017 because he was continuing to have issues with his account. It accepted that the service that he'd received fell short of its normal standards so it paid him £150 (in addition to the compensation that it had paid to him previously). It said that: a limited company account was opened in October 2017; it had extended the £10,000 overdraft facility on his partnership account until December 2017 but it was unable to transfer the overdraft to the company account (and in order to discuss an overdraft on the new account a full financial application was required); and to access internet banking he would need to register online and complete the relevant forms.

The account for the limited company was opened in October 2017. But I consider that it should've been opened soon after the account had been applied for and that the delay was caused by Bank of Scotland. That will have caused distress and inconvenience to Mr B. The investigator recommended that it should pay him an additional £350 compensation for that distress and inconvenience. Bank of Scotland has agreed with that recommendation and I consider that £350 compensation – in addition to the £150 that it had already paid to him - is fair and reasonable compensation for the distress and inconvenience that he's been caused.

Mr B's business account had a £10,000 overdraft facility. He wanted that facility to be transferred to the limited company account. Bank of Scotland said that a full financial application was required for that to happen but it extended the £10,000 overdraft facility on his partnership account until December 2017. I consider that it was appropriate for Bank of Scotland to properly assess whether any overdraft was suitable and affordable for the company before it was made available to it – and I don't consider that there was any requirement for it to transfer the overdraft from the business account to the limited company account. And I consider that Bank of Scotland gave adequate notice to Mr B before the overdraft was withdrawn.

I'm not persuaded that there's enough evidence to show that the charges that it made for the overdraft account were other than what was agreed in the terms and conditions for the account. Nor am I persuaded that they were unfair or reasonable. So I find that it wouldn't be fair or reasonable for me to require Bank of Scotland to refund to Mr B any of the charges that have been applied to the account – or to pay him any compensation because of the issues with the overdraft about which he's complained.

Mr B wanted to use internet banking to access his account. Bank of Scotland said that he would need to register online and complete the relevant forms. I don't consider that to have been unfair or unreasonable in the circumstances – or that Bank of Scotland has acted incorrectly in connection with his access to internet banking. Mr B says that this issue remains outstanding. But I'm not persuaded that there's enough evidence to show that Bank of Scotland has acted incorrectly in connection with Mr B's internet access to his account.

It's clear that Mr B's very upset about the way that he's been dealt with by Bank of Scotland and he's asked for compensation of £4,500 in settlement of his complaint. But I'm not persuaded that compensation of more than £350 (in addition to the £150 and other compensation that it's paid to him) is justified in these circumstances.

my final decision

For these reasons, my decision is that I uphold Mr B's complaint in part. And I order Bank of Scotland Plc to pay him a further £350 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 3 March 2020.

Jarrold Hastings
ombudsman