

The complaint

Mr C complains that when he went into a branch of Bank of Scotland plc (BOS) to close a fixed rate bond he'd previously taken out he incurred a withdrawal charge – even though he believed he was inside the 14 day “cooling off” period. He also complains about the poor service he received when closing the account. He couldn't raise his complaint in the branch and was told to contact the complaints department at BOS himself. He would like a refund of the withdrawal charge and compensation for the poor service he received.

What happened

On 19 June 2023 Mr C opened a one year fixed rate bond with BOS with a deposit of £26,580. He also opened a one year fixed rate cash ISA. But he subsequently decided not to go ahead with both products and went into one of the bank's branches for it to action his cancellation request.

Both accounts were closed on 30 June 2023 but, although interest of £41.75 was added to the bond withdrawal value, BOS also applied a withdrawal charge of £285.75. Mr C said he queried the charge with a member of staff but found them unhelpful in their response. He also said the member of staff then “walked away” from him. Unable to raise a complaint in branch he contacted BOS to ask why a withdrawal charge had been applied and complained about the in-branch service he'd received.

BOS said it provided full details of the products before Mr C took them out which included making it clear that the bond didn't offer full cancellation rights (a “cooling off” period) – unlike the cash ISA that he took out at the same time. It said it had applied an early withdrawal charge correctly and in line with its terms and conditions. However, it said that it should have done more to help Mr C to raise his concerns in branch when he closed the bond and paid him £50 for the distress and inconvenience that caused.

Mr C wasn't happy with the response, so he brought his complaint to us where one of our investigators looked into the matter. He thought the evidence he'd been provided with supported BOS' argument that it had made Mr C aware the bond didn't have a cooling off period. So he didn't think BOS needed to refund the withdrawal charge. He said he understood why Mr C was unhappy with BOS' in-branch service and, although he didn't think this had caused any financial loss, he thought the payment of £50 compensation was fair and reasonable in the circumstances.

Mr C didn't agree. He said that on the day in question four separate BOS employees were unable to confirm whether the bond had a cooling off period before suggesting “*it was fine.*” He said his complaint about the charge was then ignored – no answer was given to him, and he was given a leaflet detailing how to complain.

The investigator said that he accepted the matter could have been better dealt with if the staff involved were aware there was no cooling off period – but unfortunately they themselves were unaware of the correct answer. He thought the evidence he'd seen demonstrated that BOS had made Mr C aware of the cancellation terms at the point of sale and had therefore fulfilled its obligations.

But Mr C didn't think this was fair and wanted his complaint to be escalated – so it was passed to me to review.

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.

And having done so I agree with the outcome reached by the investigator, and broadly for the same reasons. I know this outcome will disappoint Mr C and I've seen how strongly he feels about this matter particularly in respect of the information he was given in branch and the service that was provided to him. But I don't think BOS has incorrectly applied a withdrawal charge and I think its award of compensation is fair in the circumstances – so I'll explain my reasons.

Was BOS right to apply the withdrawal charge?

I've seen evidence to show that Mr C opened a fixed rate bond and a cash ISA on 19 June which were then closed on 30 June 2023 – which was some 11 days after the deposits were made. But while the proceeds of the ISA were paid out with the addition of interest added to the deposit sum, the fixed rate bond had a withdrawal charge applied to it. Mr C says he wasn't made aware of this charge as he believed the bond also had a 14 day cooling off period like the cash ISA – which he was within when he closed the accounts. Furthermore, he says that when he asked a number of employees in the BOS bank branch about the charge, they suggested that it wouldn't apply in both instances.

So I've looked at the information BOS provided or made Mr C aware of at the time he took out the bond. BOS has explained that Mr C went through an online interview process when taking out the products and that the application was input onto the system instead of being submitted separately by Mr C. It says that the process involved talking Mr C through the bond's features by way of a video which also showed the information it was presenting on screen. It provided a screenshot from the process which set out the cancellation rights for the bond. It said, *"there is no cancellation period on the account. Once opened you can't take money out of this account. You can close your account before the end of the term but there will be a charge. Term 1 year - 90 days gross interest. This will be taken from the total amount in the account so you may get back less than you first paid in."*

I think this was clear in the way it explained that a fixed rate bond – unlike the ISA for example – didn't have a cooling off period and any withdrawal before the maturity date would incur a penalty of 90 days interest, with any accrued interest also added to the proceeds. I'm satisfied BOS fulfilled its obligation to provide Mr C with this information and Mr C has also confirmed that he did watch the video as part of the application process.

BOS has also provided us with an internal document which sets out the cancellation periods for its various savings products. I note that the periods vary from 30 days to none, so I don't think it was safe for Mr C to assume that all products carried a 14 day cancellation period. The notice also confirms there was no cooling off period for the fixed rate bond, so I'm satisfied that BOS correctly applied the penalty interest – in line with what it said it would do – even though Mr C cancelled after 11 days and wasn't penalised for closing the ISA account.

But I've also seen a copy of BOS' *savings account conditions* which was a document that was available to Mr C. Under the section headed *"fixed rate bond"* it said, *"if you need your savings • You can't withdraw part of your savings, but you can close your account early. Visit*

one of our branches with a counter to do this • If you close before the end of the term you will lose an amount equal to: – 60 days' interest for a 3 or 6 months term; – 90 days' interest for a 9 month or 1 year term; – 180 days' interest for a 2 year term; – 270 days' interest for a 3 year term; – 320 days' interest for a 4 year term; or – 365 days' interest for a 5 year term This will be taken from the money you put in your Fixed Rate Bond at the start, so you may get back less than you first invested.

Again I think this was a clear explanation that no withdrawal would be allowed after the money had been deposited without the imposition of penalty interest. So I'm satisfied that BOS, from a variety of written and verbal sources, did make Mr C aware there was no cooling off notice for his fixed rate bond.

Of course I'm aware that Mr C took out two products with BOS and would have been provided with lots of information about them. So it would be understandable if he simply missed the information about cooling off notices when it was given to him. And that would also add weight to the idea that he sought clarification about them when he visited the branch. But I haven't seen anything to support the claim that he wasn't made aware of the individual cancellation periods, so it wouldn't be fair for me to tell BOS that it should now refund the penalty interest charge to him.

I'll expand on Mr C's other complaint point about BOS' poor and unhelpful service below, but Mr C has asserted that because the staff suggested there wasn't an early withdrawal charge on each of the accounts that ought to be another reason that it should be repaid to him. But even if the staff didn't provide the correct information to him when he closed the account, or had been quicker to identify there was charge when first asked, that wouldn't change the outcome here which is that a charge was applicable – in line with the point of sale information provided – and it was right for BOS to apply it regardless of what he may have been told on the day he closed the bond.

The service Mr C received in branch

Mr C says that on the day he went into the branch to close the accounts – as was the instruction set out in the terms and conditions – at least four members of staff didn't know the cancellation period for the bond and the employee who then finally closed the account didn't take on board his query about the charge and was unhelpful during the process and ended up simply *"walking away"*. Mr C says he was told *"he should have watched the video"* and was simply handed a leaflet explaining how he could complain if he wanted to do so.

He said BOS failed *"in their duties to assist me"* and that the matter has caused him a great deal of stress.

There's no written or visual evidence to confirm what happened that day and BOS has provided a slightly different version of what happened. It says the member of staff walked away to get Mr C additional help as part of its explanation. But I've no reason to dispute Mr C's version of events and I can understand that he simply wanted to close his accounts – after getting an answer to his query, with the minimum of time and fuss.

And BOS has accepted that it should have dealt with Mr C's request better on the day and should have taken on board his complaint within the branch.

So clearly this did have an impact on Mr C and added to his frustration about the withdrawal charge being applied and caused him some inconvenience of having to complain directly to BOS when he left the branch.

I've considered the impact this would have had on him carefully, but I think the compensation BOS paid for its lack of overall service is fair and reasonable and within the range of what I would have expected to see.

So I don't think BOS needs to do anything further in this case.

My final decision

For the reasons that I've given I don't uphold Mr C's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 11 April 2024.

Keith Lawrence
Ombudsman