

The complaint

Mr D complains that The Royal Bank of Scotland Plc reversed a transfer from his joint account to his sole account, and they provided him with poor customer service.

What happened

Mr D says that he is in the process of being separated from his wife. His lawyer advised him to create a sole bank account, and his lawyer wrote to Mr D's wife to advise it was their intention to move two months salary from the joint bank account into his newly opened sole account. Mr D says his wife did not object to this, so he transferred £24,182 into his sole account. But his wife contacted RBS, advised them of a marital dispute and RBS froze their joint account. RBS did not inform Mr D about this.

RBS then transferred the £24,182 back from Mr D's sole account into the joint account after the weekend, which as Mr D had spent some of the money he transferred during the time it was in his account, this left him overdrawn. His card was declined in shops causing him embarrassment and he was unable to financially help his son move into new accommodation which he intended to do. Mr D says he rang RBS who informed him about the dispute, and they said they would give him a call back, but they didn't ring him back, so Mr D had to ring them. Mr D says he has been told a number of incorrect statements from RBS. Mr D made a complaint to RBS.

RBS partially upheld Mr D's complaint and they credited his account with £200 compensation. They said they were advised that there was a marital dispute and their process in these circumstances is to stop the account requiring both parties authority to release the funds. When the account was stopped it was requested that direct debits on the account would continue to be paid, but they said direct debits need to be manually checked before being paid which can result in payments being returned.

RBS said they do not contact the other party in relation to the dispute being marked. RBS said that the online banking transfer he made to transfer funds from the joint account to his sole account was reversed when the stop was marked on the account. Due to how their system works, the reversal appears on the next working day which was Monday 21 August 2023. RBS said they were disappointed to hear about Mr D's experience when contacting them about the stop on the account and also for the length of time it has taken to provide him with a response. Mr D brought his complaint to our service.

Our investigator thought the compensation RBS paid Mr D was fair. He said that looking at the terms and conditions, RBS hadn't acted unreasonably. They've been made aware of a dispute and the terms and conditions allow them to reject a customer's instruction in these circumstances. The terms also highlights that the account can't be used until the dispute is resolved. He said RBS were acting reasonably when they reversed the transaction Mr D made as they had been informed about the dispute.

Mr D asked for an ombudsman to review his complaint. He made a number of points. In summary, he said RBS did not act in line with their terms and conditions, specifically under sections 2.2, 3, 4.1, 5.4 and 6.1, he was told wrong information about the block, the branch

gave him £200 during the time the block was on the joint account which made him further overdrawn, he questioned why it took three days to reverse the transfer, he said if he had transferred the funds to an external bank then RBS wouldn't have been able to reverse the transaction, three direct debits were missed due to their process, he mentioned how RBS investigated his complaint and the issues he's having with a Data Subject Access Request (DSAR) complaint he's raised with RBS.

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.

Firstly, I'm aware that I've only summarised Mr D's complaint points. And I'm not going to respond to every single point made by him. No discourtesy is intended by this. It simply reflects the informal nature of our service as a free alternative to the courts. If there's something I haven't mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point to be able to reach what I think is a fair outcome.

Mr D has mentioned the issues regarding the DSAR, but as this was not part of his original complaint to RBS and was made after the original complaint, then I'm not able to look into this complaint point as part of this complaint. But Mr D may wish to bring this complaint to our service within six months of the date of RBS' final response about what happened with the DSAR.

I must explain to Mr D that complaint handling by a business isn't a regulated activity and as such, the issues he's raised that relate directly to how RBS have investigated his complaint, such as the level of investigation they conducted, does not come under my power to consider.

I'd like to explain to Mr D that it is not within this service's remit to tell a business how they should run their dispute procedures, such as when they should block a joint account or whether they should reverse payments. It would be the role of the regulator – the Financial Conduct Authority, who have the power to instruct RBS to make changes to their policies and procedures, if necessary.

I've listened to a call Mr D had with RBS on 18 August 2023. This is where Mr D tells the call handler he can't see his joint account. The call handler tells Mr D about the dispute and confirms that the direct debits will go out as normal. Mr D is referred for a call back with RBS' Customer Protection Management (CPM) team, and he is told he will get a call back in 72 hours.

As Mr D didn't get a call back, he rang RBS on 21 August 2023. He is placed on hold for a prolonged period of time and then he is transferred through to the fraud team. But Mr D was transferred to the wrong department as there hadn't been fraud on his sole account. RBS have been unable to locate a call recording with the fraud team, but Mr D has given his testimony of what happened here. And I've no reason to dispute what he's said.

Mr D has told us that he was told that there was a block on both his accounts due to a legal letter RBS had received. He says at 4:53pm he was eventually advised that he needed to go into his local branch to resolve this and that the call centre did not have the ability to help him, but his local branch closed at 4:30pm.

So it would appear from Mr D's testimony and the previous calls I've listened to that Mr D had been told incorrect information. For example, he was told the direct debits would go out as normal, so an expectation was set that these would be automatically debited from his joint

account. But this is not RBS' process as the direct debits are manually reviewed, and Mr D has told us that three of the direct debits were missed which caused him to have to contact all of these companies.

Mr D appears to have been told that there was a block on both the joint and sole account. But it is only the joint account which was blocked. RBS told me that they had no reason to block Mr D's sole account as this account has nothing to do with the other party. And it's not clear why Mr D was sent to the branch to resolve the issue. As there was a dispute on the joint account, Mr D going to the branch himself would not resolve this issue as to lift the dispute, it would require both account holders agreement. So RBS appears to have set an expectation to Mr D that by going to the branch this would be resolved.

As RBS gave Mr D £200 when he visited the branch, I'm not persuaded this was a completely wasted visit to the branch. I'm aware this made Mr D further overdrawn which of course wasn't ideal, however, I'm persuaded that the branch staff did try and assist Mr D until his salary credited his sole account days later.

I've considered what actually happened with the dispute. RBS have confirmed that Mr D's wife did raise the dispute on the morning of 18 August 2023. Mr D appears to have been told conflicting information about whether it was his wife herself or her lawyer, but I can confirm it was his wife. And I would expect RBS to take action based on her informing them of a dispute. So I can't say that RBS acted unfairly by restricting the account, even though I understand the impact that this had on Mr D.

I've also considered what happened to the transfer Mr D made on 18 August 2023. It's unfortunate that it took three days for this to be reversed. But RBS took action on 18 August 2023 to reverse the payment he made. Based on their process, the reversal is effective the following business day. As there was a weekend involved here, that is why the reversal didn't complete until 21 August as opposed to the following day.

While I have a great deal of sympathy with Mr D with what happened here, as he believed he had the agreement of his wife's lawyers and his wife herself for the transfer and this was his salary, I don't find the reversal to be unreasonable on the basis that this payment was made on the same morning the dispute was raised. And although the transfer appears to have been made before the morning call Mr D's wife made, RBS were made aware of the dispute on 18 August 2023, therefore they tried to ensure the joint account was in the same position as it was at the start of the day of being informed of the dispute.

I've noted Mr D's comments about if he transferred the money to an external account then RBS wouldn't have been able to reverse the transfer. RBS have told us that if Mr D had made a transfer to an external account then they could have asked the external bank to reverse the payment. But here, I can only look into what Mr D actually did, not a hypothetical situation of what he could have done. The fact is he transferred the payment to another RBS account.

I've looked at the terms and conditions of the account to see if RBS had acted in line with these. And I'm not persuaded that they have. I've looked at the May 2021 terms and conditions as the terms and conditions on RBS' website are dated October 2023, which is after the events that happened (although the terms relevant to this complaint are broadly the same).

Section 5.3 of the terms have a section titled "*Limiting the use of your account or your services*". The terms show "*We may suspend, restrict or stop access to your account or to certain services (such as your debit card or online banking) if:*" and one of the reasons is "a

restriction applies to your account (for example, we're told about a dispute between joint account holders, which means the account can't be used until the dispute is resolved)".

Here, RBS were told about a marital dispute by one of the joint account holders – Mr D's wife. So this is why I'm satisfied RBS were able to restrict this account until the dispute is resolved. But under this section, the terms also state *"We'll usually tell you before or immediately after we take any of these steps. We'll also explain why we've done so, unless we're unable to contact you or there's a legal or security reason which means we can't provide an explanation."*

Although these terms say *"usually"* and not *"always"*, I'm persuaded that Mr D should have been informed of the restriction on the joint account as I'm not aware of a legal or security reason why RBS would be unable to do this here. And as they told Mr D on the call on 18 August 2023 the reason for the restriction, then I suspected that there couldn't have been legal or security reasons, otherwise they would have breached this by telling Mr D about it. For clarity though, I asked RBS if there was a legal or security reason why they couldn't have told Mr D. RBS told me that they could not provide a reason why Mr D was not notified of the restriction.

While I'm not persuaded that Mr D being notified of the restriction would have changed anything, and I wouldn't necessarily expect RBS to notify Mr D before they placed the restriction due to the nature of the dispute, if he was informed immediately after, as the terms show, then at least he would have been in an informed position of what was happening without having to ring RBS.

I know Mr D has highlighted other section of the terms that he believes RBS have breached. But I'm not persuaded by his interpretation of some of these. I say this as the relevant term RBS didn't follow was section 5.3. Under 5.4, this relates to fraud or security threats, and therefore 5.3 is more appropriate to the circumstances here. 6.1 is how they contact a customer, but this section is not related to the sections discussing disputes, so again, 5.3 would be the relevant section. I don't find RBS breached section 4.1 as the money was credited on the same day he transferred it.

I don't find RBS breached section 3 as section 5.3 also shows what they would do in the event of a (marital) dispute. While either one party could withdraw funds or indeed all of the funds, this wouldn't preclude RBS taking action under a dispute.

I accept it could be arguable though that section 2.2 does apply here. I say this as there are two ways to look at this. One of these is that RBS did not delay or refuse to act on Mr D's transfer request. So therefore this section wouldn't apply. But another way of looking at this term is that RBS initiated a reversal on the same day the payment was made (even though it took three days to fully reverse), so while they didn't refuse the transaction at the time, they retrospectively didn't agree to the transaction that Mr D had made earlier that day.

Under section 2.2 it says *"If we don't follow one of your instructions we'll usually tell you"*. This is different to the wording of section 5.3 and it seems the onus is on the customer to contact them here as it says *"If you'd like to know why we didn't follow your instruction you can call us on"* and there is a telephone number given. Mr D was told the reason why the payment was reversed, and RBS didn't have to tell him before they did this. So I'm not persuaded RBS breached section 2.2 of the terms.

I've considered what would be a fair outcome for this complaint. I know Mr D wants RBS to pay his legal costs, but it would not be proportionate for me to ask them to do this. It would be Mr D's choice if he was to involve a lawyer, and I've seen no evidence that RBS told him they would pay for any lawyer assisting him here.

Mr D has asked for £100 an hour for the time he's spent regarding what's happened here. I've considered what Mr D has said about the time he's spent on this complaint. But I must explain to him that our awards are not designed to punish a business or to make it change the way it acts in order to protect other customers in the future. That is the role of the regulator. We sometimes award compensation if we feel that a business has acted wrongfully and therefore caused distress and inconvenience to their customer over and above that which naturally flows from the event.

Our service would treat all complainants fairly regardless of their hourly earnings. So I'm unable to agree to the compensation that Mr D is looking for here, as it is not in line with our awards for what happened here.

I'm persuaded that the £200 RBS paid Mr D is in line with our awards. I say this as they made a number of errors (including giving him wrong information on the phone, setting expectations which they didn't deliver on such as a call back and what the branch could do for him, being transferred to a wrong department, the issues regarding the direct debits, not notifying him of the dispute in line with 5.3 of the terms, not responding to his complaint within the relevant timescales, the length of various calls) which would have had an impact on Mr D and caused him distress and inconvenience.

But I'm unable to conclude that RBS shouldn't have placed a dispute restriction on the joint account, or that they shouldn't have reversed the transfer Mr D made to bring the account into the same position as it was at the beginning of the day when the dispute was raised. So although these two things would impact Mr D much greater than the errors highlighted in the previous paragraph, the restriction and the reversal weren't errors, and so it would not be proportionate to increase the compensation awarded for these two issues. As RBS have already paid the £200 to Mr D, it follows I don't require them to do anything further.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 8 April 2024.

Gregory Sloanes
Ombudsman