

The complaint

Mrs F complains that The Royal Bank of Scotland Plc (“RBS”) has been unable to give her any information about what happened to the funds once held in a bank account in Mr S’s name. She believes RBS should pay her the total of the paying-in slips she found.

Mrs F brings the complaint on behalf of Mr S’s estate.

What happened

In 2021 Mrs F contacted RBS for help with locating an account. She says she remembered her sister had told her in the seventies about an account opened by her ex-husband, Mr S, for her daughter. But RBS weren’t able to find any record of an account in her daughter’s name.

In 2022 Mrs F says she was clearing out her loft and came across some previously hidden old paying-in slips. They were signed by Mr S, and were dated from 1974 up until his passing in 1976. She sent them to RBS, who eventually agreed there had been an account in Mr S’s name – and advised her to go to the branch, where it had been held, for more information.

In branch Mrs F says she was shown on screen transactions for the account up until it was closed in 1988. She hadn’t received any notice of closure in the eighties, or withdrawn any money from the account prior to that. So she complained that RBS must have made a mistake when allowing the funds to be withdrawn. Mrs F sought at least the combined total of all the paying-in slips in redress, but argued a higher amount would be fair based on the interest that would have accumulated since.

RBS’s response to the complaint said it had no further details about the closure of the account, or what happened to any funds, due to time that had passed. It also thought the matter fell outside of the regulator’s time limits for reviewing complaints. Mrs F was unhappy with the contents of the first letter, including a reference to Mr S having been her father. So, she replied, reiterating what she’d seen in branch.

RBS’s follow up letter apologised for the mistakes in the first letter, but said the account information shown in branch was for a different customer. It believed the number and sort code had been re-used, in line with common practice among banks, for a new account opened in 1986.

Mrs F wasn’t happy with the final response from RBS, and so referred her complaint to our service for review. One of our investigators initially recommended £150 compensation for the service given – which the bank agreed to. But then, after further review, the investigator concluded the complaint about the funds being withdrawn in the eighties had been brought out of time, according to our rules.

Mrs F didn’t accept the investigator’s view, and asked for an ombudsman to reconsider – resulting in the complaint being passed to me. As Mrs F had only recently discovered the paying-in slips, I didn’t think she could have raised things sooner. So, I told the parties I

thought the complaint was one we could look at, and RBS consented to our involvement. The bank also agreed to maintain its offer to pay the compensation initially recommended by the investigator, though our service has no power to make such awards to a representative (of an estate).

Having established our jurisdiction in the matter, I went on to consider the merits of the complaint. I issued a provisional decision which said I wasn't intending to direct RBS to do anything further to resolve the complaint. I've copied below the part of that decision which sets out the rationale behind my findings:

"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, I'm not planning to uphold the complaint. Ultimately we don't know, and may never know, what happened to the funds that were paid into the account in the seventies. But in order for me to direct RBS to pay anything back now, I'd need to be satisfied the most likely answer was the bank made a mistake which meant the money went missing, or was taken without authorisation. As it stands, I don't think either of those things have been established.

I appreciate this outcome will come as a great disappointment to Mrs F, who has been through a long and drawn out process to get to this point – and no doubt had to relive some very painful memories. I'm sorry that I'm not able to give her a more definitive answer on what happened to the account, and the money that was in it at one point. But I hope Mrs F is reassured that we've investigated as far as we can.

Before I set out my findings, I wanted to acknowledge that I've summarised the background of events above in far less detail than what's been provided to me. No discourtesy is meant by that, nor is it my intention to minimise what Mrs F has been through – it's been done with our informal remit, and her anonymity, in mind.

As mentioned, RBS has agreed to pay the compensation initially recommended by the investigator for the failings in the service it provided. I can only make awards for distress or inconvenience to 'eligible complainants', as defined in our rules. This complaint arises out of Mr S's former customer relationship with RBS, as the account holder at one time, so he would have been the eligible complainant in this matter. I've deemed Mrs F likely to be the one authorised in law to represent his estate – but she isn't an eligible complainant in her own right in this scenario. She's the representative of his estate. That means we don't have the power to compensate her directly. RBS, however, isn't bound by the same rules over who it compensates. So, if Mrs F wishes to accept RBS's offer for the service then she is free to approach the bank directly (or let us know and we can pass that on).

Given the complaint concerns events that took place decades ago, it's perhaps not surprising that RBS has no record of what happened on Mr S's account. In fact, Mrs F had the only information about it, in the form of the paying-in slips going back to the seventies. I don't know what the account terms in force at the time said – but, as a guide, the current ones say RBS will usually hold onto customer account records for up to ten years after the relationship ends. In practice, banks often hold onto some records for much longer, but I wouldn't have expected RBS to have retained any more information about what happened here. I've also seen screenshots of searches, which satisfy me the bank has made reasonable attempts to try and locate records on its systems.

What RBS has located, which is potentially what Mrs F saw in branch, are details for the account opened in 1986 using the same number and sort code when those were reallocated. RBS has said after an account has been closed for a period, the number may be re-used again – which is common practice in the banking industry. Though the records I've seen don't show the name of the customer on them, they do show the opening date for the

account (1986). There were also regular credits paid in, as well as withdrawals, up until it was closed in 1988. So I'm confident the transactions in the eighties were likely on a new account for a different customer, and don't relate to Mr S's account.

Mrs F told us she remembers news reports about staff at this branch stealing from dormant accounts. I haven't been able to find anything corroborating that – and there also isn't any evidence there was money in Mr S's account after 1976. All we know is the account number was probably reallocated in 1986, which means the previous account using those details had likely been closed for some time by then.

Mrs F also remembers her sister, who worked in the same branch, giving her a paying-in slip for an RBS account opened by Mr S (which she thought was for her daughter). She says she passed the paying-in slip to her solicitors at the time. That suggests those dealing with the estate had some awareness Mr S may have set up holdings with the bank – so I'd be surprised if enquiries weren't made.

Due to the amount of time that has elapsed (almost 50 years), and the lack of evidence remaining, it's unlikely we'll ever get a definitive answer on what happened. I empathise with how frustrating that will be for Mrs F. But I don't consider RBS are at fault for not being able to provide more information about the account closure or what happened to the funds. I also haven't seen anything persuasive indicating RBS mistakenly allowed money due to the estate to be withdrawn by unauthorised parties, or that this account was linked to any thefts. So, overall, I don't find RBS acted unfairly when it declined to pay Mrs F the total of the paying-in slips she provided.”

RBS had no further comments to make. Mrs F disagreed with my findings, firmly believing the funds in the account had been stolen by branch staff. In summary, she said:

- The statements I'd made in my provisional decision suggested the bank hadn't been forthcoming with information related to the thefts that took place in the eighties and nineties. That had prevented me from being able to link Mr S's account to the thefts, and conclude RBS were responsible for money going missing from the account – regardless of the time that had elapsed.
- If I have been sent details about the thefts, which is what led me to conclude this account wasn't involved, then I'd been misled. Mr S's account information wouldn't have been included in evidence provided to the court during the prosecutions of any staff involved. That's because any audit trail would have been wiped by then – with the exception of what she was shown on screen when she visited the branch in 2022.
- The bank's systems at the time allowed the theft to happen – as inactive accounts were emptied, with the audit trail erased, and the number placed on a reallocation list. By not transferring the money into a dormant account, or officially closing it, the staff involved were able to avoid scrutiny (until the irregularities were uncovered).
- Mrs F remembers the thefts uncovered were at the time judged to be the 'tip of an iceberg', as it was thought to have been going on for years before it was detected.
- The idea that we will never know for sure what happened to the account didn't sit well with her, and I should be able to investigate this independently. If I did so, Mrs F believed I would arrive at the same conclusion as her, that RBS are accountable.
- I had agreed there was money held in the account at a point (March 1976), and there was no evidence of the closure of this account. So I should also be able to agree,

from what Mrs F had now explained about the thefts, that Mr S's account could well have been part of an elaborate scam and that money was stolen from his account.

- She was convinced the only reason that could explain why the money had disappeared from the account were the thefts that took place.
- I should delve deeper by requesting details of the thefts from RBS's legal team and, if the bank tried to rely on 'Disclosure Laws', approach the Crown Prosecution Service (CPS) or the local press. Mrs F said she would do this herself, but the complaint had taken a toll on her and she believed I would have more success in getting the information.
- I should reconsider my provisional decision and establish that RBS had a responsibility to recognise her claim for the money which had gone missing from the account. RBS should also offer an appropriate level of compensation for the distress she was caused, given I'm not able to make an award of that kind to her directly.

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, I'm not upholding the complaint. I appreciate that answer will be very disappointing for Mrs F, and I want to reiterate how sorry I was to hear about the toll this matter has taken on her health. I also want to reassure her that I've thought carefully about the points she raised in response to my provisional decision – and I've set out below why I'm not directing RBS to do anything further to resolve the complaint.

RBS has been forthcoming with the information it still has – but it no longer holds records about what happened on Mr S's account. As we're almost 50 years on, I wouldn't expect it to have anything. Mrs F responded with her recollections about the alleged thefts by staff in this branch, and I thank her for the detail she's provided. But even if more information on that matter exists, for instance with the CPS or local press, I don't consider it's likely to affect the outcome here. Evidence of thefts in branch wouldn't demonstrate this account had any money stolen from it – all it would show (at best) is that a police investigation took place and this account wasn't identified as being involved. If it was, then Mrs F would likely have been contacted.

So, to recap what we know – there was an account held by Mr S, and deposits were made into it up until March 1976. The account number was reallocated in 1986 to a different customer. Transactions on that other person's account is likely what Mrs F saw in branch, going by her description of the dates she saw on screen. The solicitors dealing with the estate were also made aware that Mr S had opened an account with RBS (though not necessarily in his name). I think that suggests enquiries would likely have been made with the bank at the time.

I do appreciate Mrs F is convinced money was stolen from the account, and the perpetrators wiped all trail of the theft. But I have to make a finding, on the balance of probabilities, based on the evidence we have – and I don't find a loss has been established here. Ultimately, we don't know if anything was withdrawn from the account during the period in which deposits were made – or what happened in the months following the last known deposit. That means we don't know whether there was a balance when Mr S sadly died, or if the account was even open at that point. It's also worth noting that our service wasn't set up to investigate criminal acts, like theft – that's a matter for the police.

Overall, I don't find RBS acted unfairly when it declined to pay Mrs F the total of the paying-in slips she provided. That's because I'm not satisfied there's sufficient evidence of any mistakes, or a likely loss, in relation to this account. I've previously covered why our service can't make an award for Mrs F's distress or inconvenience – but if she wishes to accept RBS's offer of compensation then she should approach the bank directly (or let us know and we can pass that on).

My final decision

My final decision is I don't uphold the complaint, for the reasons I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask the estate of Mr S to accept or reject my decision before 4 April 2024.

Ryan Miles
Ombudsman