

The complaint

M, a limited company, complains that The Royal Bank of Scotland Plc froze its account while M was engaging with a business review.

M has been represented in this complaint by one of its directors, Mr M.

What happened

In December 2022 RBS wrote to M to say that it needed further information to complete a business profile review of M. It said that restrictions would be applied to M's account if the information wasn't provided by a date in mid-January 2023.

A few days before the deadline to provide the information, Mr M phoned RBS. He explained that he was overseas, and that he needed help with some of the outstanding information. A few days after the deadline, RBS restricted M's account. The restriction remained in place for 12 days.

After M complained to RBS, it acknowledged that M had been engaging with the business review team, and that the restrictions shouldn't have been applied to M's account. It apologised for the distress and inconvenience caused, and credited M's account with £300 to reflect this, and £100 to cover the cost of M's phone calls. After M complained to this service RBS offered to pay M a further £21.97, representing interest at 8% on the balance in M's account for the 12 days during which M didn't have access to its funds.

Mr M has told us that during the time the account was frozen, M couldn't pay any bills and was unable to trade. He says he paid a senior accountant to deal with the review, and would like RBS to reimburse their professional fees. He also says that the situation took a toll on his health.

One of our investigators considered the complaint. In summary, she accepted that RBS had made an error in restricting the account, but she thought that what it had offered to do to put things right was fair.

M disagreed with the investigator's view, so the complaint's been passed to me.

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 satisfied that what RBS has already offered to do to settle this complaint is fair.

Mr M says that being told that the account was frozen indefinitely could have caused serious harm to M. But he's confirmed that M didn't, in fact, suffer a loss of trade while the account was restricted. I acknowledge that Mr M says that M paid an accountant to help with the business review. But RBS needed to complete the review to comply with its regulatory obligations. And in order to do so, it needed to ask M to provide information. I can't fairly require RBS to reimburse any professional fees M incurred to help it in providing that information.

RBS has already paid M £100 to cover phone calls M made. And it's now offered to pay M a further £21.97 to compensate it for loss of access to the money in the account while it was suspended. I've seen nothing to make me think that M suffered any further financial loss as a result of the suspension. In the circumstances, I consider RBS's offer to be fair.

I'm sorry to hear of the impact Mr M says the suspension of the account had on his health. I realise that the situation would have been stressful for him. But I'm bound by our rules, and I can only make an award that recognises the impact of any wrongdoing by a financial business on an eligible complainant. In this case, the eligible complainant is M, rather than Mr M. While a business, such as M, can be caused inconvenience, it can't itself suffer distress or frustration.

I understand that the suspension of the account for 12 days would have caused M some inconvenience. But I consider the £300 that RBS has already paid M to be fair to reflect that inconvenience.

Taking everything into account, I don't find that I can reasonably require RBS to do more than it's already offered to do to settle the complaint.

My final decision

My decision is that The Royal Bank of Scotland Plc should pay M a further £21.97, as it has offered to do.

Under the rules of the Financial Ombudsman Service, I'm required to ask M to accept or reject my decision before 5 June 2024.

Juliet Collins
Ombudsman