

The complaint

Mr P is unhappy that Shawbrook Bank Limited have refused to pay him around 15 days' worth of interest on his savings account.

What happened

On 3 May 2023, Mr P opened a new easy access saver account. He then transferred around £81,000 into the account on 15 May 2023. Shawbrook wrote to Mr P the same day informing him that they were unable to verify his nominated account and asked him to provide further information within 14 days of the date of their letter. They explained that they'd return the funds if they don't receive the information requested within the deadline given.

Mr P explained he was away from home and when he returned on 31 May 2023, he discovered Shawbrook's letter. But by then, the deadline had passed and Shawbrook had returned the funds to him. On the same day, Mr P spoke to Shawbrook and gave them the information they needed to verify his nominated account. He then transferred the funds back to his easy access saver account 1 June 2023.

Since Mr P lost out on around 15 days' worth of interest, he raised a complaint. Shawbrook said they require customers to have a nominated account. They said they attempted to electronically verify that Mr P was a named party on the nominated account but were unable to do so.

Shawbrook explained that they hadn't received a response from Mr P within 14 days of their letter of 15 May 2023 requesting for documents to verify the nominated account. So, they returned the funds to the originating bank account on 30 May 2023. They explained they weren't able to refund the interest Mr P had lost as they can't be held liable for the delays in him receiving the correspondence.

But Shawbrook apologised for the incorrect information Mr P was provided on 31 May 2023 regarding when they returned the funds to the originating bank account. They also passed feedback to improve their level of customer service and paid £50 compensation as a way of apology for the inconvenience caused.

Unhappy with their response, Mr P referred his complaint to our service. Mr P felt he should be reimbursed the interest he'd lost while Shawbrook held on to his funds. He thought that Shawbrook should've taken further steps to notify him that his nominated account hadn't been verified, for example by email or telephone given that they'd set a tight deadline for him to provide further information.

Our investigator said she'd seen evidence to show that the account details Mr P had provided as a nominated account was in his name. She didn't think Mr P was responsible for the account failing verification. She felt that Shawbrook's process had resulted in an unfair outcome. So, she recommended that Shawbrook pay Mr P the interest due on the account balance from 15 May 2023 to 1 June 2023, as well as £100 compensation for the inconvenience caused.

Mr P agreed with the investigator. Shawbrook disagreed. They explained that the electronic verification didn't match Mr P's name instead only showed the joint account holder. They clarified that their procedure involves sending letters via post and delivery times are dependent on the postal service. Therefore, they felt they cannot be held responsible for any delays in Mr P receiving their letter.

Shawbrook said they were confident that they followed their process correctly, but they offered to adjust the interest on Mr P's account from 15 May 2023 as a gesture of goodwill. They weren't willing to pay the additional £100 compensation for the distress and inconvenience caused to Mr P. They said that they took swift action and rectified the incorrect information they gave to Mr P on 31 May 2023 the same day and were satisfied with the £50 compensation they'd already provided.

Our investigator informed Mr P of Shawbrook's offer to make the interest adjustment on the account from 15 May 2023. However, Mr P wasn't prepared to accept this to resolve the complaint. He explained the whole process had caused him considerable inconvenience and Shawbrook had continued to put barriers in place to prevent a speedy resolution. He asked for an ombudsman to review his complaint.

Our investigator wrote to Shawbrook to let them know that Mr P had declined their offer. She explained she remained of the view that an additional £100 compensation was a fair outcome for the inconvenience caused to Mr P and since both parties weren't willing to accept her recommendation, the complaint would be passed to an ombudsman to make a final decision.

Shawbrook said that they backdated the interest as a gesture of goodwill in view of Mr P's late receipt of their letter of 15 May 2023. They asked the investigator to provide her rationale for the additional £100 compensation given that the postal delays were beyond their control and any initial misinformation provided over the phone to Mr P was swiftly acknowledged and corrected the same day.

Our investigator provided Shawbrook with a link to our website which has information on how we award compensation. She explained she felt it was fair for Shawbrook to pay £100 compensation for the time and effort it's taken Mr P to get his complaint resolved. Since an agreement couldn't be reached between the parties, the complaint has been passed to me for a final decision.

My provisional decision

I issued a provisional decision on 9 April 2024, and made the following findings:

"I've looked at the terms and conditions of Mr P's account. This explains that Mr P must set up a nominated account when applying for a new account. And the nominated account must be in Mr P's name if it's a sole account or if it's a joint account, then Mr P must be named on the account. Also, any deposits into the account must come from the nominated account.

The application form shows that Mr P provided a joint bank account as his nominated account. Shawbrook were able to successfully complete their initial verification process at account opening.

However, on 15 May 2023 when Mr P deposited funds into his account the originating reference where the funds came from didn't show Mr P's name, instead only the joint account holder's name.

Shawbrook has explained that the originating reference helps them to track payments from the source to the destination, ensures that payments are processed accurately and efficiently but also helps to prevent fraud by providing a unique identifier for each transaction. Since the credit into the account had an incomplete originating reference, Shawbrook triggered additional checks to verify the nominated account.

I'm satisfied it was reasonable for Shawbrook to ask Mr P to provide further information to verify the nominated account to ensure the terms and conditions of the account were met and to carry out fraud prevention checks.

I accept Mr P's point that Shawbrook could've contacted him via other methods such as email or telephone. But I don't think Shawbrook are obliged to do so. Shawbrook have explained their procedure when they're unable to electronically verify the customer's account details, their system automatically produces and posts a letter.

Shawbrook are entitled to decide their own policies and procedures, including on how to contact customers in particular situations, such as failed verification of a nominated account. This is a legitimate use of their commercial judgment which I'm unable to interfere with. Ultimately, the terms and conditions state that Shawbrook may contact Mr P via post, so I can't fairly say they've done something wrong by sending Mr P a letter.

Based on Mr P's own testimony, he was away from home and saw Shawbrook's letter when he returned on 31 May 2023. This explains the delay in Mr P contacting Shawbrook with the information they'd requested. Although Mr P had only just missed the deadline, it appears the delay in him seeing and actioning the letter was due to him being away from home at the time. I don't think I can fairly or reasonably hold Shawbrook responsible for this.

The terms and conditions explain that if Shawbrook aren't able to deposit funds into the account, the funds will be returned without interest. With this in mind and taking into account that Shawbrook correctly returned the funds to Mr P as they weren't able to verify the nominated bank account within deadline they'd given, I can't fairly ask Shawbrook to pay the lost interest.

In any event, I'm pleased to see Shawbrook have already backdated the interest on the account from 15 May 2023 as a gesture of goodwill – this has put Mr P back in the same position he'd have been in. I think Mr P has received a fair resolution to his complaint given that Shawbrook didn't need to make this adjustment under the terms and conditions.

I appreciate Mr P has been caused some inconvenience in having to deal with this complaint. But as a starting point, I can only consider awarding compensation if I thought that Shawbrook had done something wrong or acted unfairly, which as explained above, I don't think they have.

And even if I thought Shawbrook had treated Mr P unfairly, I still wouldn't be asking them to pay compensation under the particular circumstances of this complaint. I say this because it's not unusual or unexpected to experience a certain level of frustration and annoyance when dealing with financial businesses. I don't think the impact on Mr P here has been significant enough to award compensation. And Shawbrook have already backdated interest on the account which amounts to around £199 which they didn't need to do.

All things considered, I'm satisfied that Shawbrook have already fairly resolved this complaint so I won't be asking them to do anything else."

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.

I asked both parties to respond to my provisional decision and provide further evidence of arguments they want me to consider.

Mr P was disappointed with the position I'd taken and felt there was one fact missing which he wanted considered. He explained that his wife had applied for the same account with Shawbrook at the same time and didn't experience any of the issues which he had. He accepted that this doesn't change the facts about the way Shawbrook dealt with his complaint but thought it demonstrates inconsistency in their approach which contributed to his frustration in bringing this matter to a resolution.

Shawbrook agreed with my decision and didn't add anything else.

I appreciate Mr P's wife didn't experience any problems with her application, but in reaching my decision here, I can only consider the individual circumstances of Mr P's complaint, so I can't comment on the inconsistencies, if any, in Shawbrook's approach in handling these applications.

Focusing on Mr P's complaint, I haven't been provided with any new evidence or points from either party which have persuaded me to change my mind and deviate from the outcome I explained in my provisional decision.

Overall, I'm satisfied with the findings I reached, and won't be asking Shawbrook to do anything to resolve this complaint.

My final decision

For the reasons explained above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 14 May 2024.

Ash Weedon
Ombudsman