

The complaint

Mr C complains about how The Royal Bank of Scotland Plc (RBS) dealt with his account.

What happened

Mr C says he received a letter from RBS telling him it was closing his account due to him using the account for business transactions. He says the transactions in question were not business transaction but work he carried out as a sole trader. Mr C says he was told to open a business account after being told the payments that led to the review were related to a business I will call "S". He says he was then told the issue was with dividend payments. Mr C says he spent some time sorting matters out and in opening new accounts. He would like compensation in line with his daily income rate of £600 and says he has been misled. Mr C disputes using the account for business use.

RBS says it's entitled in line with account terms and conditions to close an account if it's being used for business transactions. It says it correctly told Mr C to open a business account and what the issue was when he first called. RBS accepts it later gave Mr C misleading information and has paid £100 compensation.

Mr C brought his complaint to us, and our investigator thought the compensation was appropriate. The investigator thought Mr C had been told the issue was with the S payments but accepts RBS could have been clearer in the later call. The investigator thought there were a number of transactions involving S.

Mr C doesn't accept that view and in summary says most of the S transactions ended before the issue was raised and was told it was the dividend payment that was the concern. He says he wasn't given the chance to sort matters out and maintains he should receive compensation in line with his lost income. Mr C says he was told there was no need to cease business transactions immediately.

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 have come to the overall view that RBS has acted appropriately by paying a fair and reasonable compensation amount and by apologising for the misleading information.

I have looked carefully at Mr C's account terms and conditions which I think he would have agreed to when the account was first opened. Those terms and conditions make clear that RBS can close an account if it considers it is being used for business purposes. So, I don't think RBS made a mistake or acted unfairly by telling Mr C that it intended to close the account when it concluded there were hundreds of potential business transactions involving S.

I have listened to the call between the parties, and I'm satisfied RBS told Mr C that the issue

was with S and that he told it he used S for sole trader work. I make clear that I'm satisfied sole trader work is still business activity and I'm not sure why Mr C suggests they are not business transactions. During the call I'm satisfied Mr C agreed to open a business account.

There is no dispute here that Mr C spoke to RBS again. I'm satisfied that again S was highlighted as the possible reason for the issue, but Mr C was then told that the dividend payments were the issue. I think Mr C said he did use S but suggested it was low level amounts. He also went on to say that he has previously been told it may have been S that caused the problem but said it was low value (under £5). I accept Mr C was given conflicting and misleading information but can see that RBS has apologised for that and paid what I think is a fair and reasonable compensation amount. I also think that it was Mr C that suggested in that call that S was used for low value transactions having previously been told it was S that caused the initial review. But clearly RBS ought to have checked and clarified the position.

I appreciate Mr C would like compensation in line with his daily charging rate. That is not how we assess compensation. I have not seen any direct evidence of financial loss and Mr C was not acting in a professional capacity when, for example, he was speaking to RBS. I have made clear that I accept Mr C was given misleading information about the dividend payment being the issue but have also made clear he was given correct advice when he first called RBS. In any event I find it was Mr C's responsibility to manage his account and ensure it was not being used for business transactions.

I also accept Mr C was told not to worry about any S transactions during the second call. But I also think he had been told the S transactions were an issue previously.

Overall, I'm satisfied that RBS should have given Mr C correct information during a second call to it but am satisfied the compensation as well as apology is appropriate. I can't fairly direct RBS increase the compensation level and don't consider the misleading information justifies it. I accept Mr C decided to open a new account and accept that would have caused inconvenience but am satisfied the problem was initially caused by the business use of the account. I find this now brings an end to what we in trying to resolve this dispute informally can do.

My final decision

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 C to accept or reject my decision before 23 December 2023.

David Singh
Ombudsman