

The complaint

A charity, which I'll refer to as K, complains that Bank of Scotland plc ("BoS") made errors and caused delays when opening its bank account.

What happened

In May 2023, K applied to BoS for a bank account. During June, the bank requested a copy of K's constitution, which K then provided, and there was an exchange of phone calls about the document. The bank account was opened on 19 June, and debit and authentication cards were then issued.

Two days later, checks by the bank detected a potential security issue, which lead BoS to block K's account. After further contact between the bank and K, the issue was resolved and BoS unblocked the account. However, as a result of these events, the existing cards were cancelled and new cards were issued.

K complained to BoS about the bank's handling of the document request and about the blocking and unblocking of the account. The bank apologised for initially providing incorrect information about the supporting documentation needed for the application, and for poor communications during the phone calls about the account block. However, BoS said no error had occurred regarding the account block itself, and the matter had been cleared up the same day.

Unhappy with the bank's response, K referred its complaint to us.

Our investigator looked at the evidence and concluded that BoS didn't need to do anything further. She gave these reasons, in summary:

- When customers apply for an account, they're made aware that the service level agreement is for the account to be open six weeks after all the required information is received. K's account was successfully opened within this timescale.
- The bank's legal and regulatory obligations allow it to review its customers' accounts throughout the life of the account, and to restrict accounts. The investigator was satisfied that BoS made no error when it restricted K's account on 21 June 2023, while carrying out further checks, and then removed the restriction later the same day.
- The checks, account blockage and its release happened within the bank's timescale for account opening.
- BoS acknowledged its service failings regarding the information about the supporting documentation and the time required on the phone when the account was blocked. The investigator thought the bank's apology was enough in the circumstances.

K disagreed with the investigator's conclusions. Its representative said the bank took months to open the account, and after the block it wasn't released for a week or more. As a result, K

had to hold a number of meetings to arrange payments.

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'm sorry to disappoint K and its representative, but I've reached the same conclusions as the investigator, and for largely the same reasons.

K's representative, who is an officer of the charity, has said that the bank's actions caused him personal inconvenience and distress. But the current complaint is by K, and I'm afraid that in this decision I can only consider the effect of these events on the charity itself.

The account opening

From the evidence I've seen, I'm satisfied that BoS opened K's account within the time that the bank promised. There were some difficulties establishing what documents were needed from K, and the bank has acknowledged that it initially provided incorrect information. BoS has apologised and said it should have provided better service, and I think that's a fair and sufficient response.

The account block and release

Almost immediately after the account was opened, a further check led the bank to have security concerns and the account was then blocked. From the evidence I've seen, I'm satisfied the matter was cleared up and the account was unblocked on the same day.

I agree with the investigator that the block resulted from the bank pursuing its legal and regulatory obligations, so I don't think BoS acted unfairly or unreasonably.

I can understand that it was irritating for K to have its first debit and authentication cards cancelled and to receive replacements. But I haven't seen any evidence showing that K suffered any loss or significant disruption to its operations as a result. In any event, the cancellation of the cards was a consequence of the security concern and, as I've said above, I don't think BoS acted unfairly or unreasonably in this regard.

BoS has apologised for the time K's representative had to spend on the phone on the day the account was blocked, and I think that's a fair and sufficient response.

My final decision

My final decision is that Bank of Scotland plc has done enough to settle this complaint and doesn't need to do anything further.

Under the rules of the Financial Ombudsman Service, I'm required to ask K to accept or reject my decision before 7 December 2023.

Colin Brown
Ombudsman