

The complaint

Mrs G complains that she experienced distress, inconvenience and lost interest due to The Royal Bank of Scotland Plc (RBS) losing her cheque.

What happened

I issued my provisional decision on 12 December 2023, and this is what I said:

I've considered the relevant information about this complaint.

Based on what I've seen so far, there will be a different outcome to what our investigator proposed.

Before I issue my final decision, I wanted to give everyone a chance to reply.

I'll look at any more comments and evidence that I get by 2 January 2024. But unless the information changes my mind, my final decision is likely to be along the following lines.

The complaint

Mrs G complains that she experienced distress, inconvenience and lost interest due to The Royal Bank of Scotland Plc (RBS) losing her cheque.

What happened

On 21 September 2022, having moved from Country A to the UK to be closer to her family for health reasons, Mrs G visited an RBS branch to deposit a cheque for £752,610.49 from her overseas bank.

As this was a GBP cheque, drawn on a foreign bank, RBS needed to apply their foreign cheque process which takes 6 to 8 weeks for an account to be credited with the funds.

It was originally Mrs G's intention to invest the entire sum, so this clearance process meant she would be delayed in earning interest.

RBS unfortunately misplaced Mrs G's cheque and although they worked with the overseas bank they stated 'a lack of action' caused a long delay resulting in Mrs G's account not being credited with her funds until 23 January 2023. RBS accepted they misplaced the cheque and said they were deeply sorry.

Mrs G complained to RBS about the loss of interest and their communication and accountability that caused significant distress.

RBS wanted to put matters right and agreed to pay interest and compensation.

Regarding interest, RBS calculated 83 days as the period Mrs G didn't have access to her funds and should receive interest. They calculated this number of days by working out the earliest the cheque would have cleared as being the 2 November 2022, which is 6 weeks after the cheque deposit. They acknowledged Mrs G's intention to invest her funds and

increased their interest offer, crediting her account with £9,000.33 using an exceptional annual interest rate of 5.259% rather than the 1.5% her account would ordinarily attract.

Regarding compensation, RBS offered £1,000 'for the time, stress and inconvenience caused' plus an inward payment fee refund of £7.

Mrs G was dissatisfied with the RBS redress. She considered the interest to be inadequate as she had information that had her funds been in the planned portfolio investment she would have attracted a far greater return.

Mrs G complained to our service pointing out that she had told RBS that contrary to their belief, her investment loss was not speculative and that she was looking for interest and redress compensation totalling £30,000.

Our investigator viewed Mrs G's planned portfolio and said RBS should increase their compensation offer by £4,150.

Mrs G accepted this, but RBS disagreed. So, this complaint has been referred to me to look at.

What I've provisionally 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 a different view to the investigator. I'm still upholding this complaint, but I'm increasing the award and I'll explain why.

RBS don't dispute that they've made mistakes here, so what's left for me to decide is what is a fair and reasonable amount of interest and compensation to put this right.

I have also come to the view that the interest RBS have offered is insufficient. This is because there is verified evidence, in the form of a stocks and shares portfolio being pre-planned in advance of the cheque being deposited, and then executed as per the plan, once the funds were cleared. And, importantly, detailed analysis of the portfolio data shows that Mrs G's funds would have grown by more than the amount offered by RBS.

I acknowledge RBS's comment that their 5.259% offer is extremely fair and significantly more than the 1.5% interest on accounts at that time. However, Mrs G's stocks and shares portfolio evidence shared with RBS shows that, contrary to their initial view, this was not a "consequential/speculative loss" and was an actual plan that materialised once she had her funds.

As Mrs G decided to invest £498,659 of the £752,610.49 cheque, which was less than originally planned in her stocks and share plan, it wouldn't be fair to ask RBS to pay a higher amount than 83 days of 5.259% on the remaining £253,951.49.

With regard to the amount of interest Mrs G should receive, as there is verified evidence that the £498,659 would've attracted 2.63% between the period 2 November 2022 and 19 January 2023, I require RBS to pay Mrs G an additional amount of interest of £7151.36 as set out in the following table:

Description	Amount	Interest Rate	Interest Amount
Amount invested in stocks & shares gaining higher interest than offered by RBS	£498,659	2.63%	£13,114.73

Amount that would have earned RBS interest rate	£253,951.49	83/365 x 5.259%	£3,036.96
Total	£752,610.49		£16,151.69
Less amount already paid by RBS on the full cheque amount			- £9000.33 <small>£752,610.49 x 5.259% for 83/365 days</small>
Interest to be paid			£7151.36

This is different to our investigator's calculation of £4150 as I noticed an error in his view.

I also considered RBS's service failings, which they also do not dispute, and whether the £1,000 compensation they provided for "the time, stress and inconvenience caused" was fair and reasonable for a customer who, due to a combination of her age and circumstances (moving from Country A to the UK for health reasons), I'm satisfied meets the Financial Conduct Authority (FCA) definition of vulnerability.

Assessing compensation isn't an exact science and our approach when making awards for non-financial loss is detailed on our website and tends to be modest. Also, there are rules (known as DISP Rules) laid down by the FCA which mean complaint handling is not a regulated activity. So, specific complaints about how RBS manage complaints can't be considered by our service.

There is limited information on file as to what RBS did to assist and support a vulnerable customer and how they calculated the £1000 compensation they paid to Mrs G. Mrs G feels the amount of compensation is insufficient and provides persuasive testimony of significant distress, upset and worry.

Mrs G describes "a tortuous experience" and explains how this impacted on her mental health and left her "feeling tired and vulnerable". She describes the stress, deterioration on her mood and health which she feels was caused by her interactions with RBS and a lack of thought, support, reassurance and help having raised the issue in November 2022.

She explains the "intense fear that I may never retrieve my funds severely impacted my mood, led to a loss of sleep and my feeling very depressed and powerless. This was compounded by the frustrating hours I spent trying to contact bank staff via phone and email and I have no doubt has led to a permanent deterioration in my health".

Also, as all her funds were missing, she faced immediate difficulties paying bills and meeting other short-term commitments.

Having considered the above, I'm satisfied that RBS were made aware of Mrs G's vulnerability and the limited RBS information on file supports Mrs G's persuasive testimony. So, when considering the impact on Mrs G over a number of weeks, her vulnerable position, I think RBS compensation payment should be higher and I'm awarding £1500.

So having considered all the above I'm upholding this complaint and I require The Royal Bank of Scotland Plc to pay Mrs G:

- *Additional interest of £7151.36*
- *Additional compensation of £500*

My provisional decision

For the reasons I've given above, it's my provisional decision to uphold this complaint. I require The Royal Bank of Scotland Plc to pay Mrs G:

- *Additional interest of £7151.36*
- *Additional compensation of £500*

I'll look at anything else anyone wants to give me – so long as I get it before 2 January 2024.

Unless that information changes my mind, my final decision is likely to be as I've set out above.

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.

In my provisional decision, I gave both parties the opportunity to provide any comments or new information they might wish me to consider, before I moved to a final decision.

I would like to thank both parties for responding before the deadline.

Neither party had any additional information. However, RBS had some comments. They consider the provisional decision to be unfair. This is because they believe they paid over the maximum interest Mrs G could receive. Also, they questioned how another £500 compensation can be justified on top of the £1,000 which they consider to be a very high award of compensation for the error that was made.

In light of RBS's comments, I reviewed the file again.

Regarding Mrs G's lost interest, I would consider RBS's interest offer to be fair if Mrs G had been planning to either leave her funds in her bank account or deposit her funds in a savings account. However, in this case, Mrs G had clear plans for her funds to generate a much higher return than her bank account or a savings account. And, she has been able to demonstrate evidence of this intention. Also, evidence of the performance of her portfolio, which I have looked at very closely, shared with RBS and given them the opportunity to comment on.

So, I do recognise that RBS have tried to put things right. However, their compensation offer wouldn't be fair on Mrs G, as it wouldn't put her back to the position she would've been in had RBS not lost her cheque.

Regarding assessing compensation, I appreciate it isn't an exact science. As mentioned, our approach when making awards for non-financial loss is detailed on our website and tends to be modest. And, when reviewing RBS's offer, I again recognise their attempts to put things right with a £1000 offer.

However, when I considered an appropriate amount of compensation, I looked at both the error and the impact on Mrs G. I again read Mrs G's testimony, which I found persuasive, alongside the information on file and FCA guidance on vulnerable customers. And having done so, I'm still of the opinion that RBS's error and subsequent level of service had a significant impact on Mrs G, who I think was left in a vulnerable position for a number of weeks because she didn't have her funds or know what had happened to them.

My provisional decision only details some of the impact described by Mrs G and, in addition to the difficult position she found herself in, the poor level of service she received when she contacted RBS added to her distressing experience. I also found that she experienced

inconvenience and a significant loss of confidence. So, I'm satisfied that this was a serious error with serious repercussions.

Considering everything again, for the reasons set out above and in my provisional decision I'm still upholding this complaint and I require The Royal Bank of Scotland Plc to pay Mrs G:

- Interest of £16,151.69 less £9000.33 already paid (an additional £7,151.36)
- Compensation of £1500 less £1000 already paid (an additional £500)

My final decision

My final decision is that I'm upholding this complaint.

I require The Royal Bank of Scotland Plc to pay Mrs G:

- Interest of £16,151.69 less £9000.33 already paid (an additional £7,151.36)
- Compensation of £1500 less £1000 already paid (an additional £500)

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs G to accept or reject my decision before 20 January 2024.

Paul Douglas
Ombudsman