

The complaint

A charity which I'll call 'R' complains that Triodos Bank UK Limited treated them unfairly when it blocked their account.

The complaint is brought on R's behalf by their director, Ms W.

What happened

R told us:

- Their current account was held with Triodos and in February 2019, they sent the bank a request to change the signatories on their account. The request was rejected as Triodos said the form hadn't been completed correctly.
- Shortly after, they sent the request to change the signatories again, this time they also sent an additional form to change their address. Triodos accepted the change of signatory form, but it said the change of address form was incorrect and returned it to be completed correctly.
- In July 2021, they needed to make their monthly payments (including salaries) and noticed their current account had been restricted. Triodos didn't tell them a restriction would be put in place, but they noticed on their bank statement that a temporary block had been put in place due to the change of address.
- They contacted Triodos who lifted the block just so the payments could be made and told them what information was outstanding on the account. Due to issues relating to the Covid-19 pandemic, they couldn't provide the information Triodos had requested in time, so the same issue occurred in August 2021. However, due to the bank holiday, Ms W couldn't get the block lifted and had to make the monthly payments from her personal savings.
- In early September 2021, they sent all the information requested by Triodos. However, the bank didn't acknowledge receipt and when they logged into their account, they noticed the block hadn't been lifted. R then told them the information hadn't been received in the right format.
- From October 2021 onwards, they sent all the documents Triodos said it required, however the bank then said the information wasn't correct, then it asked for additional information that hadn't been requested originally.
- They had provided all the information to Triodos, but the bank still hadn't removed the restriction and they had been caused reputational damage as their payments hadn't been made on time.

Triodos told us:

- It rejected the original signatory change request in 2019 as it wasn't signed in accordance with R's bank mandate.
- The change of address request was rejected because it wasn't completed correctly, but this had been returned shortly after with instructions on what needed to be completed.
- It had waited for over a year for the required signatory forms to be returned and had only limited the account in 2021 after the information hadn't been received.
- It had then provided an alternative way to make the changes the charity had requested in November 2021, but this wasn't received until March 2022.
- In line with its regulatory obligations, it had requested further information about the payments the charity had made in April 2021. This was received in May 2022 however due to an internal error the account restriction wasn't removed until October 2022.
- It had initially lifted the restrictions on the account to allow payments to be made, but when the information still wasn't received it increased the restriction on the account. This had then prevented monthly direct debits being paid.

Our investigator didn't think Triodos had treated R fairly. She thought that R had been given conflicting information by the bank which meant it had taken an unnecessary amount of time to remove the block from their account. She also said that if R had been given the full list of requirements in July 2021, they wouldn't have been caused the inconvenience of repeatedly calling the bank and sending incomplete information. So she thought Triodos should pay £150 for the inconvenience caused but not the financial loss as R were aware that the bank needed further information from them.

Triodos accepted the investigators opinion. R didn't agree. They said the compensation wasn't enough for the inconvenience caused and also said that the further information request hadn't been received until November 2021. R said that all the information had been provided in March 2022, the bank asked for more information in May 2022 and despite this being provided shortly after, their account remained blocked. So they asked for an ombudsman to review their complaint and the case was passed to me to decide.

I issued a provisional decision on 21 June 2023. I said the following:

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've decided to uphold it in part. Briefly, my provisional findings are:

- It was reasonable for Triodos to apply restrictions to R's account in July 2021, and so it would not be fair for me to award compensation for any losses R suffered as a result of the restrictions being imposed.
- However, Triodos's customer service was poor. In particular, it should have warned R that it would apply restrictions if R did not comply with its information requests.
- In addition, Triodos should have removed the restrictions in May 2022 rather than in October 2022.

- Triodos should pay R £1,000 in compensation for the inconvenience caused by its errors.

I give more details about my findings below.

R says that Triodos has treated them unfairly by restricting their account, but I'm not persuaded that's the case. Triodos has regulatory obligations to ensure that it has sufficient knowledge of its customers, and that it is also protecting its customers adequately. I can see that R asked the bank to change their signatories and then subsequently their address in 2019, and that Triodos replied back to the charity explaining that it needed further information to undertake the changes. I can also see that Triodos wrote to R on at least six occasions throughout 2020 and explained on several more occasions from December 2020 to May 2021 that it couldn't accept the forms R had submitted as these hadn't been completed correctly. So I think it was reasonable that as the bank wasn't satisfied it could meet its regulatory obligations that it restricted R's account.

However, I don't think Triodos treated R fairly in how it restricted their account. I've looked at all the copies of correspondence provided by both parties, and I haven't seen any evidence that Triodos made R aware that it would be restricting their account if they didn't provide the required information. The letters simply request that R provides the outstanding information so that the account can be updated. So I think Triodos should have done more here to make the charity aware of the consequences of not providing the information.

R says they were caused inconvenience from their director having to make payments from their personal account - but I don't agree. I can see that although Triodos restricted R's account in around February 2021, when the charity contacted them to say they needed to make salary payments, the bank temporarily removed the restriction to enable them to do so. So I don't think Triodos acted unreasonably here.

I recognise the director says they had to make the salary payment in August 2021 due to the bank holiday which was unfair. But I think R ought reasonably to have been aware that the payment would fall due on a date that the bank was closed and therefore couldn't remove the restriction, and that the restriction would still be in place as they still hadn't provided the information which Triodos had requested and reminded them of in the call of 28 July 2021. And in any event, I'm only able to make an award for inconvenience suffered by the charity as the complainant, and not for any inconvenience suffered by the director in her personal capacity.

R also says that they did provide the information requested by the bank, but it then asked for additional information which was unfair. They say that as a result of this they were caused reputational damage and incurred financial losses. Firstly, I want to say that I don't think it's unreasonable that Triodos asked R to provide the additional information that it requested. The terms of the account say that eligibility criteria can change at any point and that changes can be made to reflect changes in industry guidance. They also allow for Triodos to carry out any due diligence it requires to adhere to regulations. So whilst I acknowledge the timing for the initial request for further information in November 2021 was inconvenient to R, I can't say it was unfair for the bank to do so.

However, I do think Triodos could have communicated this better and by not doing so, it has caused R inconvenience. I've seen evidence that the charities rental direct debit payments for November and December 2021 were unpaid by the bank which they were unaware of until their landlord contacted them. I recognise Triodos was

able to do this in line with the account restriction, however I can't see that R was given warning by the bank that this additional limitation would take place. And given that it appears previous payments had been made since the account had been restricted in February 2021, I think Triodos should have given R the opportunity to make alternative arrangements.

R also says that because of this, they incurred a fine of £1,800 as they weren't able to make their regulatory payments. But I'm not persuaded that's the case. I agree that R couldn't make their direct debit payments from the account with Triodos during that time, however, the regulatory payment had been due in early 2022 – before they had provided the required documents to Triodos. I've also seen that R had the ability to make the required payments by account transfer to avoid the penalty in April 2022, but incorrect account details had been provided by R to their accountant who was making the payment on the charity's behalf. I also think, based on Triodos's previous actions that if R had contacted the bank and explained the situation in which they found themselves, I think the bank would have removed the restrictions temporarily to allow the regulatory payments to go through. So I can't reasonably hold Triodos responsible for the penalty they received.

That being said, I can see that R provided all the outstanding information requested by Triodos and the bank acknowledged it on 31 May 2022 – but the account restriction wasn't removed until October 2022 which was unfair. I also can't see that this was communicated to R, except through this service at that time. It's not for me to fine or punish a business for making a mistake, and Triodos has accepted that its service fell below the level that R should have received. However, as a result of the bank's actions and poor communication, R has been without an active account for around six months, which has meant making alternative arrangements to make their regular payments and the payment to the regulator in June and July. They have also been caused inconvenience from having to contact the bank and this service about outstanding information that the bank had already received. So to put things right, I think Triodos should pay R £1,000 compensation for the inconvenience caused.

I invited R and Triodos to give me any more evidence and information they wanted me to consider before issuing my final decision. R didn't say whether they agreed or disagreed with the decision. Triodos also didn't say whether it agreed or disagreed with the decision.

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've reached the same conclusions as I did in my provisional decision, and I now confirm those provisional conclusions as final. I'll explain why.

R says that they don't feel their complaint has been resolved as their account remains restricted and therefore, they don't wish to accept the decision. I acknowledge that R's account is currently restricted, but I have explained in previous correspondence to Ms W that the current restriction is as a result of further information not being provided to Triodos which it requires as part of its customer annual review process. I think it's also worth noting here that I have told Ms W where R can access this information request, and should they require assistance in completing this, Triodos has offered a direct contact to assist them. Triodos has also told us it has also offered this to R directly - however, I haven't seen any evidence that they have requested any assistance.

R now says that they don't believe they have received interest on the credit balance on their account for the last two years. However, Triodos has told us that the account type that R holds isn't an interest-bearing account. This means that R wouldn't have been due any interest while the account was blocked – or when it wasn't – so I don't think the bank has done anything wrong here. In any event, I've seen that Triodos previously lifted the block when requested by R to make payments, so I think it's possible that had the charity asked the bank to lift the block temporarily so they could transfer their credit balance to a higher interest-bearing account, that it would have done so.

R says that Triodos hasn't communicated the reason for the account blocks to the charity, but I'm not persuaded that's the case. I've seen evidence from letters and emails that explain why R needs to provide specific information so that the bank can undertake its checks. I recognise that Triodos's explanations may not be in the level of detail that R would like, but the bank isn't obligated to provide R with any more justification than it already has. However, Triodos has provided us with the evidence on which its decision to request additional information from R was based, and I think this was reasonable.

As a service, we're governed by rules set by the industry regulator, the Financial Conduct Authority (FCA). They're called the DISP rules and can be found in the FCA's handbook. These rules set out how we approach complaints, in this case DISP rule 3.5.9(R) allows me to accept information in confidence where I consider it appropriate to do so. I've agreed and accepted this with Triodos, and therefore although I recognise R may wish further clarification about the bank's information requests, I won't be commenting further on the specific evidence it has provided regarding this point.

R also says that it has incurred fees and charges as a result of the bank's actions and their direct debits being cancelled. However, I'm not persuaded the fees or fines R says they incurred was as a result of Triodos' actions. I say this because R was made aware that their direct debits had been unpaid in November 2021 when they were contacted by their landlord. And whilst I agree this was inconvenient - and for which I have awarded compensation accordingly - I haven't seen any evidence that they incurred any fees as a result of this, and they were also able to make alternative payment arrangements. I also haven't seen any evidence that the charity has incurred any costs or fees as a result of any other payments not being made during the time it was unaware its regular payments had been restricted aside from the regulator fine addressed in the provisional decision.

R says that they incurred a regulator fine due to the bank cancelling their direct debits, but I'm not persuaded that's the case. I can see that the fine was issued because pension payments weren't made as expected in early 2022, but by this point R was already aware there was an issue with their direct debits. I can't see they initially took any steps to mitigate this, such as contacting the bank to explain what had happened, and when they did look to make alternative arrangements, they made an internal error with the payment details which meant the payment wasn't made for several more months. So I can't reasonably hold Triodos responsible for financial losses R incurred, which the charity themselves may have prevented had they not given their accountant incorrect account details.

R says that Triodos actions were unreasonable, and I agree that the bank's service could have been better. So I have taken this into consideration when making my award for the inconvenience caused to R. However, I'm not persuaded that Triodos is responsible for the financial losses the charity says they have incurred. So I won't be asking the bank to take any further action on this complaint point.

My final decision

My final decision is that I direct Triodos Bank UK Limited to pay R £1,000 compensation for the inconvenience caused. I make no award in respect of the financial losses R claims.

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

Jenny Lomax
Ombudsman