

Ombudsman Determination

CIFO Reference Number: 17-000006

Complainant: [Mr R]

Respondent: [Bank D]

It is the policy of the Channel Islands Financial Ombudsman (CIFO) not to name or identify complainants in any published documents. Any copy of this determination made available in any way to any person other than the complainant or the respondent must not include the identity of the complainant or any information that might reveal their identity.¹

The complaint relates to bank accounts which were closed in error, and the problems which arose when they were reopened.

Background

On 15th September 2016, [Mr R's] accounts with [Bank D] were closed as part of a wider project to migrate customers from [Bank D's office in Jurisdiction A of the Channel Islands] to [Bank D's office in another jurisdiction]. However, [Bank D] had previously granted [Mr R] an exception to this project, and so his accounts should not have been closed.

[Mr R] became aware of the closures on 29th September 2016 while he was away in Greece. He contacted his relationship manager for assistance. The accounts were subsequently reopened on 4th October 2016 following a short investigation.

[Mr R] complained that his direct debits had been disrupted by the account closures, which caused him to spend a number of hours dealing with people chasing for their payments.

Further problems arose with five cheques sent between 16th November 2016 and 15th January 2017, which could not be processed, and [Mr R] says that additional time was spent contacting the intended recipients.

[Mr R] estimated his costs in dealing with the matter to be approximately £5,450, broken down as follows:

- 22 hours of work at £200 per hour (£4,400);
- Reputational damages (£1,000)
- [Stationery] and postage (£50)

[Mr R] also sought compensation for the stress and worry the situation had caused him, and the inconvenience of losing access to his funds.

¹ Financial Services Ombudsman (Jersey) Law 2014 Article 16(11) and Financial Services Ombudsman (Bailiwick of Guernsey) Law 2014 Section 16(10)

[Bank D] upheld [Mr R's] complaint, and offered £500 in compensation. This offer was rejected by [Mr R].

Following [Mr R's] referral of the complaint to CIFO, [Bank D] offered an additional £400 for [Mr R's] time and £50 for his expenses, thereby increasing their total offer to £950. This offer was relayed to [Mr R] by CIFO, but not accepted.

The case handler initially assigned to the complaint agreed that [Bank D's] error had caused [Mr R] a number of difficulties which had resulted in stress and inconvenience. However, the case handler concluded that [Bank D's] revised offer of £950 was adequate compensation.

In regard to [Mr R's] claim for his time, valued at £200 per hour, the case handler concluded that it was generally inappropriate for CIFO to calculate compensation using a professional hourly rate.

Because the case handler did not consider that [Mr R] was acting in a professional capacity in dealing with the complaint, or that the hours claimed represented a loss of earnings, he concluded that it would not be fair and reasonable for [Bank D] to meet those claimed costs.

[Mr R] disagreed with this conclusion, asserting that [Bank D] did not fully appreciate how their actions had impacted him; both financially and physically. He considered his claim of £5,450 to be a conservative estimate of his losses, and therefore not an unreasonable request.

On this basis, the complaint was escalated to me for a formal determination.

Findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. I have taken note of further representations made by each party following the case handler's initial conclusions.

I find that I agree with the conclusions of the case handler, and largely for the same reasons.

[Mr R's] accounts were closed because [Bank D] failed to recognize an agreement to retain his accounts in [Jurisdiction A]. Nonetheless, I note that [Bank D] acted quickly once the issue was brought to their attention, and the accounts were reopened within 5 days. I therefore consider that [Mr R] was deprived of access to his funds for a relatively short period of time.

However, I agree that the disruption caused to [Mr R's] direct debits would have caused a substantial degree of inconvenience, which was increased after additional issues arose with his cheques. I understand [Mr R's] concern that this may have damaged his reputation with the intended recipients.

I further acknowledge the stress and worry which [Mr R] says was caused by the abrupt closure of his accounts, which would have been exacerbated by the fact that he was away in Greece at the time.

I am of the view that, collectively, these issues caused a substantial level of stress and inconvenience. On the scale of substantial inconvenience, £950 represents a significant gesture, consistent with our benchmarks for such non-financial loss.

In regard to [Mr R's] claim for 22 hours of his time at an hourly rate of £200, I agree with the case handler and do not consider that any bearing should be given to [Mr R's] professional hourly rate when calculating compensation in this case. I consider that compensation for [Mr R's] time is adequately reflected in the amount already offered by [Bank D] to reflect the inconvenience caused.

I therefore conclude that [Bank D's] offer of £950 is fair and reasonable under the circumstances, and that no further compensation is warranted in this matter.

Decision

My final decision is that I uphold this complaint. [Bank D] should pay [Mr R] £950 in compensation, as they have previously offered.

Next steps for the complainant, [Mr R]

You must confirm whether you accept this determination either by email to ombudsman@ci-fo.org, or letter to Channel Islands Financial Ombudsman, PO Box 114, Jersey, Channel Islands JE4 9QG, by **13 October 2017**. The determination will become binding on you and [Bank D] if it is accepted by this date. If we do not receive your email or letter by the deadline, the determination is not binding. At this point you would be free to pursue your legal rights through other means.

If there are any particular circumstances which prevent you confirming your acceptance before the deadline of 13 October 2017, please contact me with details. I may be able to take these into account, after inviting views from [Bank D], and in these circumstances the determination may become binding after the deadline. I will advise you and [Bank D] of the status of the determination once the deadline has passed.

Douglas Melville
Principal Ombudsman and Chief Executive