

Fee for failing to provide notice due to breach of notice terms and conditions for a savings account

Topic: **Charges and commissions** Case number: **2018/19**

The customer had invested around 1,000,000 CHF with the bank in a savings account with a preferential interest rate. In December 2017, the bank informed him that this type of account would no longer be offered with effect from 1 February 2018. The bank also stated nothing would change for owners of existing accounts and that these would continue under the same terms. On 31 January 2018, the customer was informed by phone that, from 1 February 2018, interest would no longer be applied to sums in excess of 200,000 CHF. He therefore instructed the bank to transfer the excess amount of 800,000 CHF to an account held with a third-party bank. Upon checking the corresponding documentation, he noticed that 3,900 CHF had been deducted from him for said transfer. The bank justified this fee by stating that he had breached the notice period conditions required for his savings account by performing the transfer. During the Ombudsman proceedings, the bank was willing to reimburse the customer for the fee.

This case concerned a dispute in connection with a fee for failing to provide notice on the grounds of breaching the notice terms and conditions of a savings account. In his complaint to the bank, the customer claimed that he had received written confirmation in December 2017 that the terms of his existing bank account would remain unchanged. He therefore had no reason to expect such a major change. He was offered the opportunity by telephone to invest the sum in excess of the 200,000 CHF still attracting interest, as a two-year term deposit. This was not a viable alternative for him since he would need to use the money for a construction project in the near future. Finally, he argued that he was not made aware of the fact that he would need to comply with a notice period or face a sizeable fee for failing to provide notice when he issued the transfer instruction. The bank told him he would have to wait several months for a response to his complaint. He then contacted the Ombudsman.

The Ombudsman asked the bank to respond to the customer's complaint within a reasonable period. In the Ombudsman's view, the customer could not reasonably be expected to wait several months for a response to the clearly communicated and adequately substantiated complaint as indicated by the bank without any explanation for the delay. Within two weeks the bank then told him that it would refund the fee for failing to provide notice of 3,900 CHF to the customer. The bank referred to this as a gesture of goodwill, one that it was under no legal obligation to provide, and did not address the issues raised by the customer. Unfortunately, the bank then took quite some time with the repayment meaning the customer contacted the Ombudsman again. The bank eventually fulfilled its promise of repayment.

The Ombudsman felt there were several problems in this case. On the one hand, the bank clearly gave its customer false information and made significant changes to the terms of certain savings account products despite having expressly stated the opposite to the customer in writing. This related to products that were subject to certain notice terms and conditions. The incorrect information led to the customer being unable to make the necessary arrangements to avoid any adverse consequences before the changes were introduced. In the Ombudsman's view, the bank should have provided correct information about the changes and said changes should only have been introduced once the

notice period required for the products had expired. He could therefore see no solution other than accommodation of the customer's request in full during the course of the Ombudsman's proceedings. The fact that the bank did not apologise for the incident and only repaid the amount with a delay remains regrettable.