

Fees charged on a savings book

Topic: **Charges and commissions** Case number: **2018/17**

The customer's parents had opened a savings book for him many years earlier. This had been forgotten about. When it re-emerged, they handed the savings book to the customer who presented it to the bank to withdraw the money. The bank only transferred part of the savings amount last noted in the savings book. The difference was attributed to fees which had been introduced in the meantime. The customer held the view that such fees should not have been introduced without his knowledge and were therefore not payable by him. Since the parties were unable to reach an agreement, the customer asked the Ombudsman to initiate mediation proceedings. Ultimately, the bank was willing to reimburse the disputed fees to the customer in full.

The Ombudsman is faced with disputes involving savings books regularly but not frequently. These banking products have not been offered for a long time. Such cases often revolve around savings books that had disappeared for a long time for various reasons and have not been presented to the bank regularly. When such savings books are presented to the bank for withdrawal of the funds after many years, it is often the case that the credit amounts held by the bank according to the savings book are no longer available in full, or at all. The reasons for this are many. In many cases the accruing interest and the savings balance have been partially or fully depleted due to fees that have been introduced in the meantime. Withdrawals may also have been authorised without requiring presentation of the savings book. It is often no longer possible to establish the main facts beyond doubt. Legal questions also often arise which are difficult to answer. The effort and expenditure involved in such clarifications can quickly exceed the usually rather modest credit balances stated in the savings books. Emotions often run high for the customer with regard to these savings passbooks since the savings amounts were often received from close relatives which calls to mind childhood memories. The Ombudsman therefore recommends approaching any such cases practically, which is agreeable to both banks and customers in most cases.

In this case, the fact that the difference in the amount stated in the savings book and the amount eventually paid out is due to fees that had been introduced in the meantime when the savings book was forgotten about, is not disputed. These had also been increased by the bank several times and, in the end, amounted to 75 CHF per annum and, in the period between their introduction and submission of the savings book for withdrawal of the savings amount, totalled around 500 CHF. The bank refused to reimburse these fees, stating that the savings account holder was obliged to present the savings book every year. Since the customer's parents did not comply with this obligation, the bank was unable to inform them about the savings books fees. In the Bank's view, it is not responsible for the fact that the customer himself had no knowledge of the savings book. Moreover, notice of the fees had been displayed in the bank's counter area. The bank also argued that it does not enter into any correspondence with the holders of the savings books.

The Ombudsman first informed the bank of the principles he applies in order to handle fee disputes. Bank fees are generally payable where they are customary or have been agreed upon. If fees are newly introduced or changed during the course of an ongoing business relationship, this constitutes a contractual amendment which the customers in question must be informed about, by the communication channel that is usual for them, with sufficient notice to allow them to adjust their use

of the banking services and to give them the possibility to terminate the banking relationship if they do not agree with said amendment.

In this case, the customer submitted a copy of the savings book regulations to the Ombudsman. These stated that the provisions in the regulations, and the terms and conditions set by the bank in each instance and announced by means of a notice in the counter area, on interest, maximum and minimum deposits and withdrawal, will apply to the deposits. In connection with interest rates, the customer has an obligation to present the savings book to the bank once a year. Fees were not mentioned in these terms and conditions. They did expressly state, however, that notice would be deemed to have been provided in a legally valid manner when sent to the savings book owner's last known address. The customer pointed out that he lived at the address last known to the bank until 2011. The fees had been introduced in 2007.

Based on this information, the Ombudsman asked the bank to review its stance and consider offering the customer a gesture of goodwill. In its response, the bank argued that the annual presentation of the savings book was a material obligation for the customer and also constituted the usual means of communication for this product. Out of courtesy however, it was willing to reimburse the customer for the full amount of the fees charged. Since the bank accommodated the customer's request fully, the Ombudsman closed the case. In his closing letter, he pointed out to the bank that the rules in question expressly provided for communication with savings book holders in a different way to how it was apparently being handled in practice. He therefore asked the bank to consider this when resolving similar complaints in the future.