

## The complaint

E and E complain about Cynergy Bank Limited's actions when closing its account and not giving it a specific reason for the closure.

## What happened

E and E held business accounts with Cynergy for a number of years. In late 2019, Cynergy renewed E and E's overdraft facility for its continued use. As part of the renewal, E and E was charged a fee.

In March 2020, Cynergy made the decision to close E and E's accounts. They gave E and E 15 days' notice but placed a block on the accounts which meant E and E couldn't use it within that time. E and E had two business loans and one overdraft which was outstanding and needed to be repaid to Cynergy.

E and E wanted to make part repayments to the debt to reduce the overall interest costs but said Cynergy wouldn't let it do that. Cynergy asked for a full repayment schedule but E and E couldn't provide that due to the uncertainties of its income because of the Covid-19 pandemic. After continuous efforts from E and E, Cynergy agreed to extend the closure, and therefore, repayment date. E and E said it took until December 2020 to be in a position to repay the debts in full and move its accounts to another provider. It said the new providers wanted to know why its accounts had been closed but it couldn't tell them.

Overall, E and E are unhappy that Cynergy made the decision to close the accounts. It believes this decision was made unfairly and wants Cynergy to give it a specific reason for the closures. E and E are also unhappy about the time it took for Cynergy to respond to its complaint.

Our investigator reviewed things and upheld the complaint in part. In summary, she said;

- We couldn't look at the closure of the business loans because they weren't regulated credit agreements and therefore didn't fall part of our jurisdiction.
- Cynergy were entitled to block the account while reviewing it and didn't cause any unnecessary delays.
- Cynergy closing the account immediately (because of the block) was fair in the circumstances.
- It was reasonable for Cynergy to ask for a repayment schedule for the overdraft and they didn't charge E and E any interest after 21 April 2020 or default the debt. So, there was no impact to E and E.
- E and E were charged around £1,685 in December 2019 for its annual overdraft arrangement fee. E and E utilised the overdraft up to June 2020 – when it repaid it in full. Our investigator thought Cynergy should refund E and E the cost of the fee from 30 June 2020 to 31 December 2020 – and add 8% simple interest as E and E couldn't use it once the account was closed.
- There were some aspects of poor customer service provided by Cynergy to E and E so recommend £100 compensation to recognise this.

Cynergy responded to our investigator's view and agreed with the recommendations. E and E didn't agree.

As an agreement couldn't be reached, the complaint has been passed to me to review.

### **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.

#### *The business loans*

We operate under a set of rules laid down by Parliament under the Financial Services and Markets Act 2000, published by the Financial Conduct Authority ("FCA") and known as DISP. These set out the scope of our powers, including the types of complaints we can consider.

I'm satisfied that the business loans don't fall within the scope of a regulated activity. That's because they were for commercial purposes - and those types of loans are unregulated. Consequently, I have no legal power to consider this part of E and E's complaint.

#### *Business account with overdraft – block and closure*

Cynergy has important legal and regulatory obligations they must meet when providing accounts to customers. The obligations are ongoing and do not only apply to when an account is opened, or when facilities are renewed. So while I recognise E and E's disappointment that Cynergy allowed its account and overdraft to be renewed, and then decided to review things a few months later, I can't fairly uphold its complaint on this point.

Cynergy are entitled to review accounts at any time and they don't need to inform customers when they are due to carry out a review. That being said, it is expected that reviews are completed efficiently and without any undue delays. I'm aware Cynergy initially blocked E and E's account on 10 March 2020 to carry out the review – and it was completed by 19 March 2020. Having reviewed the full circumstances, I don't consider a period of 9 calendar days to be unreasonable.

Banks sometimes choose to end their relationship with customers. This can be due to a number of reasons and a bank isn't obliged to give a reason to the customer. Just the same as if E and E decided to end the agreement with Cynergy and use another bank – it wouldn't have to explain why.

I'm also satisfied Cynergy complied with the terms and conditions of the account. This service won't generally intervene in a bank's commercial discretion. While I'm aware Cynergy hasn't shared the reasons for their decision with E and E, I've reviewed their reasons and I've seen nothing to suggest Cynergy has made an unfair decision.

I'm aware E and E wanted Cynergy to provide a different closure letter – so it could explain to new providers the reasons for the closure. I've explained that Cynergy aren't obliged to share their reasons for closure, so I can't reasonably agree that E and E's request was reasonable. And I can't fairly uphold the complaint for Cynergy not agreeing to E and E's request.

#### *The overdraft facility and the repayment*

E and E also held an overdraft on the account and Cynergy renewed this facility in December 2019. As with most banks, overdrafts are repayable on demand so I agree it was

appropriate for Cynergy to ask for the overdraft debt to be repaid as they exercised their right to close the account. However, I've thought carefully about the difficulties this would have caused E and E – especially in the middle of a pandemic.

E and E asked to pay part of its overdraft debt in May 2020 – Cynergy asked for a full payment schedule from E and E before considering its request. While I've seen evidence of correspondence between Cynergy and E and E, I haven't seen that a payment schedule was ever supplied to Cynergy. I appreciate E and E feel strongly about this – in particular, it feels that by Cynergy not accepting part payment, it would have paid more interest charges as the overall debt balance would have been higher. However, I don't think it was unreasonable for Cynergy to want to understand how and when the full overdraft would be paid – so I think their request for a payment schedule was appropriate. I've also seen that E and E paid the overdraft debt in full in June 2020.

I've considered the interest charges carefully, and no interest was charged on the overdraft after 21 April 2020. As Cynergy's first request to repay was in May 2020 – and eventually paid in full in June 2020, I can't agree that any additional interest has been added. I'm also aware no default was recorded on E and E's credit file. Therefore, while I appreciate E and E's disappointment, I don't consider the request for a payment schedule and refusal of part payment had any financial impact on it directly.

In December 2019, when E and E's overdraft facility was renewed, Cynergy charged a renewal fee of £1,685. Due to the account closure, and completion of the overdraft in June 2020, E and E received only six months use of the overdraft facility. I therefore consider it fair that E and E receive a proportionate refund of the renewal fee – to recognise the time it could not make use of the overdraft. I also consider 8% simple interest should be added to this, to recognise the loss of use of the money and therefore should be paid from the date the refund is due.

#### *Customer service*

There were times where Cynergy failed to provide full responses to E and E. I'm aware Cynergy has explained the impact the pandemic had on their staffing levels, however I do think E and E could have received better service at times. Therefore, I consider an amount of compensation should be paid.

#### **Putting things right**

Overall, I consider Cynergy's actions when reviewing, blocking, and closing E and E's account was fair - they complied with their terms and conditions and I've seen nothing to suggest they made an unfair decision. I also consider the repayment of the overdraft was reasonable and appreciate the care Cynergy put in place – like freezing the interest and delaying the closure date, to suit E and E's circumstances.

However, I do consider E and E should receive a refund of the overdraft renewal fee – specifically from 30 June 2020 to 31 December 2020. I also consider 8% simple interest should be paid on this amount to recognise E and E's loss of use of the funds. And I think Cynergy should pay £100 compensation to recognise the lack of customer service E and E received at times.

#### **My final decision**

For the reasons explained above, I uphold this complaint in part.

To put things right, Cynergy Bank Limited should:

- Refund E and E the overdraft renewal fee from 30 June 2020 to 31 December 2020;
- Pay 8% simple interest on the amount they refund E and E from 30 June 2020 up to the date of settlement.
- Pay E and E £100 for the poor customer service provided.

Under the rules of the Financial Ombudsman Service, I'm required to ask E and E to accept or reject my decision before 21 July 2022.

Hayley West  
**Ombudsman**