

The complaint

Mr M complains about Bank of Scotland plc trading as Halifax, decision to review and subsequently close his account.

What happened

In February 2020, Halifax blocked Mr M's account. Mr M said this caused him stress and anxiety and he wasn't able to make payments or deposits. He says he lost out on around £4,200 as he wasn't able to transfer money to his brokerage account. Mr M also said this had a significant impact on his wife due to her illness.

Once Halifax completed their review, they gave Mr M full access to his account. In September 2020, Halifax made the commercial decision to close Mr M's account and provided him with 65 days' notice. Halifax also added an internal marker to Mr M's profile to prevent him from opening an account within the Lloyds Banking Group.

Mr M brought the complaint to our service. Our investigator upheld it – despite not knowing the reasons for the review, she thought Halifax were entitled to block and close the account; but thought they should pay Mr M £200 compensation due to the distress and inconvenience caused. Our investigator didn't agree Halifax should compensate Mr M for the £4,200 he said he lost out on, because she hadn't seen enough evidence that the Halifax account was the only money Mr M had access to.

Halifax agreed to pay the £200 compensation, but Mr M remained unhappy. 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.

Having done so, I think Halifax should pay compensation to Mr M to put things right. I've explained further below.

Halifax are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. They're also required to carry out ongoing monitoring of new and existing relationships. That sometimes means they need to restrict customer's accounts – either in full or partially while they carry out their review. I can see that's what's happened with Mr M's account.

In order for me to be satisfied that Halifax's actions were appropriate in the circumstances, I'd need to see evidence of why their review was initiated, and what actions they took during the review. Halifax hasn't shared that level of detail with our service, so I can't confidently say their actions were reasonable.

Following their review, Halifax gave Mr M full access to his account. In September 2020, Halifax decided to end their relationship with Mr M and gave him 65 days' notice. 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 – only to meet the

account closure terms and conditions. Just the same as if Mr M decided to stop banking with Halifax, he wouldn't have to explain why. Halifax can only close accounts in certain circumstances and in line with the terms and conditions of the account. Halifax have relied on and complied with the terms and conditions when closing Mr M's account and I do not think they acted unfairly and unreasonably.

I've thought carefully about the impact this overall situation had on Mr M. His account was blocked, and therefore he was unable to make payments or use his account in any way. I don't doubt this would have been inconvenient for Mr M, but I can't fairly uphold his complaint in the way he'd like me to. I appreciate Mr M says he lost out on around £4,200 because he couldn't pay money into his brokerage account. But like our investigator, I haven't seen enough evidence to persuade me that the money in the Halifax account was the only money Mr M had access to – and therefore I can't reasonably hold Halifax responsible for any losses he may have incurred through his brokerage account.

I've also considered the internal marker recorded against Mr M. But Halifax is part of the Lloyds Banking Group and therefore are entitled to choose who they, as a collective, want as their customer. They've made the decision to end the banking relationship with Mr M, gave appropriate notice to do so, and complied with the terms and conditions.

I'm really sorry to hear of the impact this situation had on Mr M's wife. But as she wasn't Halifax's customer in the circumstances of this complaint, I can't reasonably consider the impact. I've no doubt this added to Mr M's stress, but I can't consider the impact it had on his wife as an individual.

Putting things right

Overall, I recognise the distress this situation had on Mr M and I haven't seen enough to satisfy me that Halifax's actions whilst the account was blocked were wholly appropriate. So, I think a compensation payment of £200 is fair in the circumstances of this complaint.

My final decision

For the reasons I've explained above, I uphold this complaint. To put things right, Bank of Scotland plc trading as Halifax, should pay Mr M £200 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 15 August 2022.

Hayley West
Ombudsman