

## **The complaint**

Mr G is unhappy with The Royal Bank of Scotland Plc's decision to block and close his account. He's also unhappy about how long it took the bank to return the balance of his account to him.

## **What happened**

Mr G had an account with RBS.

In October 2020, RBS reviewed Mr G's account. Whilst it completed its review RBS blocked the account – which meant Mr G couldn't access the money in his account, which at the time was just under £220. Following its review RBS decided to close Mr G's account, however, it didn't let him know about its decision until March 2021. RBS closed Mr G's account on 4 May 2021.

Mr G contacted RBS to try and find out what was happening with his account and the reasons behind the bank's actions. And when he would be able to get access to the money in his account. RBS didn't provide Mr G with much information and said it hadn't done anything wrong and had acted in line with the terms of the account and relevant regulations.

Mr G wasn't happy with the bank's response and brought his complaint to this service. Mr G explained that the block on his account had made it very difficult to manage financially especially as at the time the country was living through a pandemic. He said he had to borrow money from friends and relatives. And feels that RBS treated him like a criminal. Mr G said that the whole experience had been upsetting and stressful. He wants RBS to apologise, reopen his account and pay him compensation for the trouble and upset caused by the bank blocking his account and holding onto his money for so long.

One of our investigators reviewed the complaint. She thought RBS hadn't done anything wrong when it decided to review Mr G's account. However, she said RBS took too long to close Mr G's account and could've done things much quicker. So, she said RBS should pay Mr G £100 compensation for the distress and inconvenience this had caused him.

RBS accepted what the investigator said. Mr G disagreed and asked for an ombudsman to review the complaint. So, the complaint has come to me to decide.

## **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.

I'll deal first with the block RBS placed on Mr G's account. RBS has important legal and regulatory obligations it must meet when providing accounts to customers. And it must take

certain actions in order to meet these obligations. That sometimes means they need to restrict customer's accounts – either in full or partially while they carry out their review.

Having looked at all the evidence, I don't believe it was unreasonable in the circumstances for RBS to block Mr G's account. RBS has explained that this was its standard procedure, and I accept that it was. I'm satisfied that in doing so RBS were complying with its legal and regulatory obligations. So, whilst I accept, the bank's actions caused Mr G inconvenience and upset when it decided to block his account, I can't say the bank did anything wrong and treated Mr G unfairly in doing so.

I understand that Mr G wants RBS to explain the reason it applied the block to his account in the first place. And I can see that Mr G asked RBS to explain itself on several occasions. But RBS doesn't disclose to its customers what triggers a review of their accounts. And it's under no obligation to tell Mr G the reasons behind the account review and block, as much as he'd like to know. So, I can't say it's done anything wrong by not giving Mr G this information. And it wouldn't be appropriate for me to require it to do so.

I'll next deal with RBS's decision to close Mr G's account. As the investigator has already explained, it's generally for financial institutions to decide whether or not they want to provide, or to continue to provide, banking facilities to any particular customer. Each financial institution has its own criteria and risk assessment for deciding whether to open or close accounts and providing an account to a customer is a commercial decision that a financial institution is entitled to take. Unless there's a very good reason to do so, this service won't usually say that a bank must keep customer or require it to compensate a customer who has had their account closed.

I know Mr G is upset that RBS closed his account. But having looked at all the information available to me, including RBS's actions and the information it's provided I'm satisfied that RBS had sufficient grounds to close Mr G's account. So, I won't be asking them to reopen Mr G's account.

However, while RBS are entitled to close an account, we'd expect them to do so in a timely manner and without undue delay. Banks should, however, give reasonable notice before closing an account. Usually, that means 60 days' notice, but it can be less – depending on the circumstances. I can see that RBS blocked and decided to close Mr G's account in October 2020. But it didn't inform Mr G that it intended to close Mr G's account until March 2021, which meant Mr G's account remained blocked for nearly six months. RBS hasn't offered any explanation for why its closure of Mr G's account took so long to complete. So, I'm satisfied RBS has caused unnecessary delays in releasing Mr G's funds and closing his account.

RBS has accepted it should have sent Mr G a notice to close much sooner than it did – in October 2020 when it made the decision to close Mr G's account. And it has agreed with the investigator's view to pay Mr G £100 compensation for the trouble and upset caused by the delay.

I've considered what Mr G has said about how RBS's actions impacted him and I've no doubt this was a worrying and upsetting time for Mr G. There isn't a set formula that we use to calculate awards for particular mistakes or poor service. It's my role to consider what impact RBS's actions have had on Mr G and decide, within guidelines set by our service, whether compensation would be appropriate in the circumstances.

Based on the evidence I've seen I think it's fair to say the delays caused by RBS when it reviewed and decided to close Mr G's account caused him worry and upset. And I agree some compensation is appropriate for this. I say this because Mr G had to spend time

contacting RBS and he had to wait several months to find out what was happening with his account and for RBS to release his funds. So, I can appreciate this would've been inconvenient and upsetting for Mr G. And it's only right that RBS recognises this. However, I'm satisfied that £100 is a fair amount of compensation and proportionate to the trouble and upset Mr G was caused. So, while Mr G may disagree with me, I'm satisfied that the compensation recommended by the investigator recognises the impact RBS's actions had in the overall circumstances of this complaint. So, I won't be directing RBS to pay any more.

### **My final decision**

For the reasons I've explained, my final decision is to instruct The Royal Bank of Scotland Plc to pay Mr G £100 compensation for the trouble and upset caused by the time taken to complete the closure of his account and return his funds.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 7 February 2023.

Sharon Kerrison  
**Ombudsman**