

## **The complaint**

Mr M complains that Bank of Scotland plc, trading as Halifax, blocked and then closed his bank account.

## **What happened**

Mr M had an account with Halifax. In October 2020, Halifax decided to close Mr M's account. It said it had done so following a recent risk assessment of Mr M's account – and that Mr M's accounts were deemed to be outside of the bank's appetite. At the same time, it placed a block on the account to stop all transactions and told Mr M he needed to visit his local branch if he wanted to access the remaining funds.

Mr M thinks Halifax acted unfairly in closing the account. He says he hasn't been given access to the remaining funds in the account. He's also unhappy that Halifax hasn't told him the specific concerns that led it to close his account.

Our investigator looked at the complaint and thought it should be upheld. Based on what we'd seen, Mr M lost use of the account immediately – the investigator thought Mr M should have been given two months' notice. The investigator also thought Halifax had incorrectly prevented Mr M from withdrawing the remaining funds. To put things right, he thought Halifax should pay Mr M £300 to reflect the distress and inconvenience this caused, and simple interest at 8% a year to compensate Mr M for the period between the final withdrawal of funds from the account and the point at which we informed Mr M that he was able to withdraw the funds.

Halifax agreed with our investigator. Mr M, while thanking the investigator for his investigation, has asked for an ombudsman to look into the matter further. In particular, he's mentioned the psychological pain he was exposed to during difficult times of his life, and the long time he'd been a customer of Halifax. The complaint has therefore been referred 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.

The terms and conditions that applied to Mr M's account said that the agreement would continue "until you or we cancel or end it". In some circumstances, Halifax could close the account immediately. In all other cases, it needs to give two months notice in writing.

In this case, Halifax says it gave Mr M 65 days' notice. That said, I note that at the same time it did this it also placed restrictions on the account. Mr M says he first learned there was an issue with the account after an attempted payment was declined. In effect, he lost the ability to use the account immediately.

Where Halifax closes an account it doesn't need to give Mr M reasons. But looking at everything, while I'm satisfied Halifax could close Mr M's account, I'm not persuaded it had

cause to close the account immediately. I think it should have allowed Mr M the two months to rearrange his affairs.

Turning to Mr M's attempts to access the remaining funds in the account, I note that Mr M withdrew £154.01 in cash on 7 December 2020 – and transferred a further £2,237.86 to an account he held with another business. But £1,013.29 remained in the account. Mr M says he was told he could only withdraw benefits and wages that had been paid to the account after it had been blocked.

We've asked Halifax for its comments. It says it can't speculate as to why the remaining funds were not released in December. I also note that Mr M later contacted Halifax on 23 December 2020, saying he still didn't have access to his money. Finally, I note that the amount Mr M withdrew in December 2020 was equal to the wage payments he'd received following the decision to close the account.

Mr M has provided a plausible and persuasive account of what has happened. So I find it likely that he was told that he could only withdraw his salary and not the remaining balance – and based on what Halifax has told us this was incorrect. If things had happened as they should have done Mr M would have had access to these funds sooner.

I've therefore gone on to consider what Halifax needs to do to put things right.

Where I award compensation for distress and inconvenience, this isn't intended to punish the business but to reflect the impact of Halifax's actions.

I've concluded that Halifax was able to close Mr M's account – but should have given him more notice. As a result Mr M says he's missed payments, which has affected his credit record – and also experience inconvenience sorting out this all out.

It also appears Mr M was denied access to the remaining balance on the account. Mr M has explained that around this time he urgently needed funds to visit a relative in hospital overseas. He also says that when his relative passed away, he needed to borrow money from family and friends to sort things out – he says he'd hoped to borrow money from Halifax instead.

I have every sympathy for Mr M, and don't doubt this was a very difficult time. But I've found that Halifax were entitled to close the account – so it's likely some of what happened was unavoidable. And while I acknowledge what Mr M has said about needing to borrow money, it appears the amount he ultimately needed to borrow was significantly greater than the amount that was left in his account. So even if things had happened as they should have done, I think it's likely Mr M would have ended up in a broadly similar position. For these reasons, I'm not persuaded to award more for the distress and inconvenience this caused than the £300 recommended by the investigator. I do think Mr M was kept out of the money, so I agree that Halifax should pay Mr M simple interest at 8% a year to compensate him for the time he was deprived of the funds. I make no further award.

### **Putting things right**

Halifax should:

- Pay Mr M £300 for the distress and inconvenience it caused.
- Pay simple interest (the rate is 8% a year) on the £1,013.29 from 7 December 2020 (when Mr M tried to withdraw the funds) until 15 August 2022 (when we told Mr M he could withdraw the funds)

If Halifax considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr M how much it's taken off. It should also give Mr M a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

### **My final decision**

For the reasons above, I uphold Mr M's complaint. Bank of Scotland plc, trading as Halifax, should put things right by doing what I've said above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 3 January 2023.

Rebecca Hardman  
**Ombudsman**