

## **The complaint**

Mr F complains that The Royal Bank of Scotland Plc (RBS) closed his accounts. He would like an explanation as to why this was done and is concerned about how this might impact him in the future.

## **What happened**

Mr F had three accounts with RBS for a number of years. In March 2022 RBS wrote to him to say that it had decided to no longer offer him banking services. It gave him 60 days to move his accounts to another bank - outside its banking group. It didn't block the accounts.

Mr F wasn't happy about this and complained to RBS. He also wasn't happy about its service and said he experienced long wait times when calling and also got disconnected during one of the calls and didn't receive a call back.

RBS apologised for the service it provided particularly regarding the calls and paid Mr F £75 compensation. But it didn't take back its decision to close the accounts. It said this was in line with its terms and conditions and due to its legal and regulatory obligations. It said it would not be able to give Mr F the precise reasons behind its decision.

Mr F responded to say that he was disappointed at RBS's refusal to provide reasons for the account closures. He asked it to confirm if this was to do with the fact that the accounts weren't used frequently or if it was to do with the fact that he was no longer a UK resident. He said he did not want to take the risk of the closures being due to an error on RBS's part. He said he would keep only around £8 out of the £75 for the cost of the calls.

RBS didn't provide a further explanation and said it hadn't made an error. It asked Mr F to keep the full £75.

Mr F then complained to us. He said he was concerned the account closures might prejudice his financial reputation or creditworthiness. He said if RBS wasn't able to tell him why it closed his accounts, he'd be happy for it to provide this information to us for us to verify that no errors had been made. But if an error was made, he'd like it rectified.

One of our investigators reviewed the complaint and thought it should be upheld. RBS did not provide its full file to show why the accounts were closed and in the absence of this information our investigator couldn't conclude it had acted fairly and reasonably in the circumstances. He said it should pay an additional £75 compensation to Mr F.

RBS agreed with our investigator but Mr F didn't. He said his goal was to find out the reason for his account closures and to ensure this wasn't down to an error by RBS including an unfounded suspicion of fraud. He said he would rather a confirmation that his accounts were closed correctly rather than any compensation. He added that he was disappointed that we weren't able to compel RBS to provide the relevant information. He referred to a case in the media where our organisation determined that a bank didn't have sufficient evidence to place a "black mark" against a customer's credit file and awarded compensation.

Mr F also said he isn't able to check his credit score as he is not a UK resident but is concerned about the impact on it as he frequently interacts with UK companies. He was also concerned that accepting the ombudsman's decision would preclude him from taking further action against RBS in court and wants us to confirm whether the reason behind his account closures could have negative consequences on him.

Mr F asked for an ombudsman's decision and the matter was passed 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.

RBS has important legal and regulatory obligations it must meet when providing accounts to customers. These obligations are ongoing. To comply with its obligations RBS may need to review an account and/or restrict its customers' access. The terms and conditions of Mr F's accounts also permit RBS to review an account. This means RBS is entitled to review an account at any time.

A bank is also generally entitled to close an account providing it's in line with the terms and conditions of the account. In this instance the terms of Mr F's accounts say that in certain instances RBS can close accounts with immediate effect or by providing 60 days' notice. And it doesn't have to provide a reason for doing so.

I understand Mr F wants RBS to explain the reason it decided to close his accounts. But RBS doesn't have to disclose to its customers what triggers a review of their accounts. It's under no obligation to tell Mr F the reasons behind the account closure as much as he'd like to know. So, I can't say it's done anything wrong by not giving Mr F this information. And it wouldn't be appropriate for me to require it do so.

Turning to the bank's decision to close Mr F's accounts, RBS needs to provide information to this service so we can fairly decide a complaint. Despite being asked by the investigator, RBS has failed to provide information about why it closed Mr F's accounts and the reasons why it no longer wanted to offer him banking services. I've considered what RBS has said about why it won't provide further information to our service about the reasons it closed Mr F's accounts. This service has the power to request evidence of this nature under the dispute resolution rules (DISP) and I'm not persuaded the reasons given by RBS exclude it from complying with these rules. So, in this particular case, because of the lack of information I can't be satisfied that RBS has treated Mr F fairly when it blocked his accounts. Taking this into account, I agree with the investigator that RBS should pay Mr F compensation for the distress and inconvenience caused by the bank closing his accounts.

Mr F doesn't think it is fair that RBS has not provided its full file to us so that we can check whether the closure was the result of an error. I appreciate the frustration this must be causing Mr F. But as I said above, I am upholding the complaint due to the lack of information provided by RBS.

Mr F is concerned about the potential impact the closures may have on him. I appreciate this must be distressing for him but I should clarify that I can only award compensation for something that has already happened (and its future impact) and not something that may or may not happen in the future. Mr F said he hasn't tried to open any other accounts and as he is not a UK resident he isn't able to check his credit score. As Mr F hasn't tried to open another UK account it isn't possible to say that the account closures have or will impact his ability to open other accounts in the future. And I haven't seen any evidence that RBS has

added any fraud markers to his credit file. So I'm not minded to award further compensation for this.

Having considered the impact on Mr F and taking into consideration the available evidence, I'm satisfied that the closure of his accounts has caused Mr F some distress and inconvenience. Therefore, I think he should receive compensation for this. I'm satisfied that the additional £75 (£150 in total) compensation is fair in the circumstances.

Mr F is concerned that if he accepts this decision he may not be able to complain again if he does discover that the closures have impacted him. As I said above there is no evidence at the moment that these have impacted Mr F in terms of his ability to open other UK accounts. But if in the future Mr F discovers that he has been impacted and has information that wasn't available to him at the time he made this complaint, he may be able to bring a further complaint against RBS. Mr F has also asked about whether accepting this decision will preclude him from bringing legal proceedings against RBS at some point in the future. This isn't something I can advise him on- he will have to obtain his own independent legal advice.

### **My final decision**

For the reasons above, I've decided to uphold this complaint and require The Royal Bank of Scotland Plc to pay Mr F £75 for the distress and inconvenience it caused him. This is in addition to the £75 it credited to his account before it was closed. So £150 in total. If Mr F didn't withdraw the full £75 at the time it must now pay him the balance in addition to the £75 I have awarded.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 20 September 2023.

Anastasia Serdari  
**Ombudsman**