

The complaint

Mrs C complains that Tesco Personal Finance PLC trading as Tesco Bank (Tesco Bank) closed her credit card account without providing a proper explanation. She wants Tesco Bank to explain why it closed her account and pay her compensation.

What happened

The detailed background of this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

In February 2023, Mrs C applied and successfully opened a Tesco Bank credit card account. Mrs C didn't use her account. In April 2023, Mrs C received an email from Tesco, saying it was closing her account immediately.

Mrs C was shocked and upset by Tesco Bank's decision. She said she had only applied as she'd been told she had been pre-approved for an account. She said she has a good job, steady income, and good credit history, so she can't understand why Tesco Bank closed her account.

Mrs C contacted Tesco Bank to try and find out why it had decided to close her account. She referred to some recent media articles concerning the closure of high profile individuals bank accounts and said that Tesco Bank should have to explain the reasons behind its decision. In response, Tesco Bank gave Mrs C no reasons about why it no longer wanted her as a customer. It said it had closed Mrs C's account in line with the terms and conditions and wasn't obliged to provide her with an explanation. It also said it didn't have to consult with her prior to making this decision.

Unhappy with this response Mrs C brought her complaint to our service. She said Tesco Bank hadn't treated her fairly because it closed her account without explanation and prior warning. She said Tesco Bank's actions had made her feel like a criminal and that she had done something wrong. So, she wants Tesco Bank to explain why it closed her account.

One of our investigators looked into what had happened. She didn't uphold Mrs C's complaint. She said Tesco Bank were entitled to close Mrs C' account and had done so in line with the terms and conditions.

Mrs C disagreed with the investigator's view. She wants to know why Tesco Bank closed her account and exactly what she did wrong to prompt the bank to close her account.

As no agreement could be reached the matter 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 would add too that our rules allow us to receive evidence in confidence. We may treat evidence from banks as confidential for a number of reasons – for example, if it contains security information, or commercially sensitive information. Some of the information Tesco Bank has provided is information that we considered should be kept confidential. This means I haven't been able to share a lot of detail with Mrs C, but I'd like to reassure her that I have considered everything.

I appreciate Mrs C was disappointed by the investigator's opinion and I can see that she has provided a detailed response to what she said about her complaint. I'd like to reassure Mrs C that I've considered the whole file and what she's said. But I'll concentrate my comments on what I think is relevant. So, I won't be addressing every point in detail which Mrs C has raised in her submissions. My findings will focus on what I consider to be the central issues. If I don't mention any specific point, it's not because I failed to take it on board and think about it, but because I don't think I need to comment on it to reach what I think is a fair outcome.

Tesco Bank is strictly regulated and must take certain actions in order to meet their legal and regulatory obligations when providing account services to customers. They can broadly be summarised as a responsibility to protect persons from financial harm, and to prevent and detect financial crime.

I can understand it would have been upsetting and no doubt came as quite a shock for Mrs C to learn her account had been closed and no explanation given by Tesco Bank why that was – especially after Mrs C had felt encouraged to apply after being told she'd been pre-approved for an account. While not trying to minimise the upset and frustration this no doubt caused Mrs C, under the terms and conditions of Mrs C's account, Tesco Bank can close an account without providing a full explanation why. And it is under no obligation to consult with a customer before doing so.

That's because Tesco Bank is entitled to close an account with Mrs C just as she is entitled to close his account with Tesco Bank. It's generally for banks and financial businesses to decide whether or not they want to provide, or to continue to provide, banking facilities to any particular customer. Unless there's a very good reason to do so, this service won't usually say that a bank or financial business must keep a customer or require it to compensate a customer who has had their account closed.

As long as they reach their decisions fairly, it doesn't breach law or regulations and is in keeping with the terms and conditions of the account, then this service won't usually intervene. I've looked at the terms and conditions and they state that Tesco Bank could close Mrs C's account immediately and without notice under certain circumstances.

For Tesco Bank to act fairly here they needed to meet the criteria to apply their terms for immediate closure – and having looked at these terms and all the evidence I'm satisfied that Tesco Bank did. So, it was entitled to close the account as it's already done. And it wasn't obliged to provide Mrs C with an explanation. So, I can't reasonably ask Tesco Bank to compensate Mrs C given that I don't consider it treated her unfairly and given that its actions were in accordance with its legal and regulatory obligations, and the terms and conditions of the account.

I understand of course why Mrs C wants to know the exact reasons behind Tesco Bank's decision and I can appreciate that it must be frustrating for Mrs C not being told. I can see that Mrs C has asked Tesco Bank to explain itself on several occasions. But Tesco Bank doesn't disclose to its customers what triggers a review of their accounts. And it's under no obligation to tell Mrs C the reasons behind the account closure, as much as she'd like to

know. So, I can't say it's done anything wrong by not giving Mrs C this information. And it wouldn't be appropriate for me to require it to do so.

In summary I realise Mrs C will be disappointed by my decision. But having looked at all the evidence and circumstances of this complaint, I can't conclude that Tesco Bank have treated Mrs C unfairly when it closed her account. So, I won't be asking Tesco Bank to do anything further to resolve Mrs C's complaint.

My final decision

For the reasons I've explained, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 27 March 2024.

Sharon Kerrison
Ombudsman