

The complaint

Mr S has complained that Bank of Scotland Plc (“Halifax”) closed his accounts.

What happened

Following a review of Mr S’s account in June 2023, Halifax placed a block on his accounts and wrote to him to explain that it would be closing his accounts on 21 August 2023.

Unhappy with this, Mr S complained as he was unhappy with Halifax’s decision.

Halifax explained that it had reviewed Mr S’s accounts, and it concluded that Mr S’s accounts no longer met its appetite for risk. Halifax explained that its terms and conditions allowed it to close accounts in such circumstances with no notice. However, Halifax explained that its letter informing Mr S that his accounts would be closed gave him two months’ notice – therefore allowing Mr S time to withdraw the money in his account and make alternative banking arrangements.

After Mr S referred his complaint to this service, one of our investigators assessed the complaint and they were unable to find that Halifax had done anything wrong or had acted unfairly or unreasonably towards Mr S in its decision to close Mr S’s account.

As Mr S was unhappy with the investigator’s conclusions, the matter was referred for an ombudsman’s decision.

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 reviewed everything, I’m unable to uphold this complaint. I will explain why.

Halifax have important legal and regulatory obligations they must meet when providing accounts to customers. They can broadly be summarised as a responsibility to protect persons from financial harm, to ensure it has up-to-date information about the consumer and to prevent and detect financial crime. It’s common industry practice for firms to conduct a review on a customer and/or the activity on an account. Banks are also entitled to end their business relationship with a customer, as long as this is done fairly; doesn’t breach law or regulations; and is in keeping with the terms and conditions of the account.

In this instance the terms of Mr S’s accounts say that in certain instances Halifax can close accounts with immediate effect and also by providing 60 days’ notice to a customer. And it doesn’t have to provide a reason for doing so.

From what I can understand, Halifax carried out a review of Mr S’s accounts. Following this review, it decided that it no longer wanted Mr S as a customer. The reason it has given in the final response letter was because his accounts ‘no longer met its appetite for risk’. Because of this it wrote to Mr S in June 2023, explaining that it would close his accounts on 21 August 2023 and that he’d need to make alternative banking arrangements. It also explained that if Mr S wanted to access the money held in his account, he would need to attend a Halifax branch with suitable ID.

I understand that Mr S is deeply upset with Halifax's decision to close his account. I recognise that it can't be pleasant being told you are no longer wanted as a customer. I also recognise that it can be concerning in case there is something amiss with the information (e.g. on a credit file) that can be accessed by financial businesses when completing such checks. But Halifax doesn't disclose to its customers what triggers a review of their accounts. Nor is it under any obligation to tell Mr S the specific reasons behind the account review and the subsequent account closure.

So, I can't say Halifax has done anything wrong by not giving Mr S this information. And it wouldn't be appropriate for me to require it do so.

Banks are entitled to decide for themselves whether to do business or continue doing business with a customer. Each financial institution has its own criteria and risk assessment system in place for deciding whether to continue providing accounts and providing an account to a customer is a commercial decision that a financial institution is entitled to take. That's because it has the commercial freedom to decide who it wants as a customer. And unless there's a good reason to do so, this service won't usually say that a bank must keep a customer. But they shouldn't close an account without proper reason. And they must treat new and existing customers fairly.

Halifax can only close accounts in certain circumstances and if it's in the terms and conditions of the account. Halifax has relied on the terms and conditions when closing Mr S's account. The terms explain that the bank can close the account without notice.

However, Halifax still needs to provide information to this service so we can fairly decide a complaint. Halifax has provided information about why it no longer wanted Mr S as a customer and closed his account. Having reviewed that information I'm satisfied that it did so fairly.

As such - whilst I recognise that it is frustrating for Mr S to not know the specific reasons why Halifax decided to close his account - I am satisfied that Halifax has acted within the terms and conditions of the account. I am also satisfied that, although the closure of his Halifax accounts has clearly had a great impact on Mr S, I do think that Halifax has acted fairly and reasonably in the circumstances. I therefore can't reasonably say that Halifax should reinstate Mr S's accounts.

As a final point, Mr S has expressed concerns about the impact it may have on his ability to open accounts elsewhere. I'm sorry to hear about this and I appreciate that if Mr S is having difficulties opening an account elsewhere, this can be very frustrating and also present issues with him carrying out day-to-day banking activities.

If Mr S has any concerns, I would suggest he obtain a copy of his credit file from one of the credit reference agencies. This should help him to better understand what information other financial businesses may see about him when he applies for financial products. I would also point out that, if Mr S is experiencing difficulties opening current accounts with other providers, he could explore whether opening a basic account is a viable option, as a first step.

My final decision

Because of the reasons given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 20 February 2024.

Thomas White
Ombudsman