

The complaint

Mr C complains The Royal Bank of Scotland Plc unfairly closed his accounts. He wants an apology for how he says he was treated, and compensation.

What happened

Mr C held several personal accounts, comprising a current account, a savings account, and an individual savings account. He is also a director of a limited company which held an account, but as explained by our investigator, this complaint only concerns the above personal accounts held by him and not any held by the limited company.

In February 2023 RBS decided to end its relationship with Mr C as their customer. They gave him 60 days' notice his accounts would close. His accounts formally closed in and around late April 2023. Mr C says this caused him difficulties in terms of rearranging payments as RBS refused the switching of his current account, and he spent a significant amount of time on the phone calling them from abroad.

RBS said they were able to close his accounts and they complied with their terms and conditions. They refused to tell Mr C why they closed his accounts.

Unhappy with RBS' response Mr C brought his complaint to our service.

Our investigator upheld Mr C's complaint. Across two separate views they concluded:

- RBS' terms state they can close accounts by giving 60 days' notice, which is what they did on Mr C's accounts.
- RBS, however, needed to provide their reasons and supporting evidence to our service. But they failed to provide sufficient information to show their decision to close his accounts was fair.
- RBS should pay him £200 in compensation for the inconvenience and distress he was caused which stemmed from having his accounts closed.
- Mr C hadn't evidenced his call costs to RBS, and he had 60 days' notice to make alternative arrangements before his accounts closed. In these circumstances a larger award wasn't appropriate.

RBS agreed to the outcome, but Mr C did not. He thinks £200 is derisory and he wants an apology and acknowledgement of how poorly he says he was treated. His complaint is now with me in my capacity as an ombudsman to make a final 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.

I've decided to uphold Mr C's complaint, but I don't require RBS to pay him more than £200 compensation. I'll explain why.

Banks have the discretion to review customer relationships and the services they provide.

Generally, they can close accounts when they have a genuine commercial reason, and they act within their terms and conditions. They also aren't currently obliged to provide their reasons to customers. So, while I understand Mr C's frustration at not knowing why RBS closed his accounts, I don't require them to tell him.

RBS do have to provide their reasons and the evidence we require to our service in order for us to be able to decide whether they acted fairly. Without providing what we need, it's not possible to say their decision to close the accounts wasn't an error of fact, plainly irrational or potentially unlawful.

RBS has refused to provide their reasons in sufficient enough detail or supporting information to our service despite being asked to do so several times. And, where a party fails to provide information, I can account for their refusal when reaching my decision. This is an evidential power afforded to me under DISP 3.5.9R (3). I've exercised this power in reaching my decision.

Based on the limited information RBS has provided, I cannot reasonably conclude they closed Mr C's accounts fairly – so I find that they didn't.

Mr C said he was caused a lot of stress and worry when his account was closed; he was further inconvenienced by having to set up manual payments on another account rather than being able to use a switching service; and he spent a long time on the phone to them when calling from abroad. So, without evidence to show RBS acted fairly, I'm left to conclude the upset and inconvenience caused to him was avoidable. So, I find he should be compensated.

Putting things right

I require The Royal Bank of Scotland Plc to pay Mr C £200 for the impact closing his accounts had on him. I'm satisfied this is a fair sum.

Mr C wants more compensation than this, but he has provided no evidence that would lead me to award specific financial losses or a larger amount for his non-financial loss. I also find he had a reasonable amount of time to make alternative arrangements given the 60-day notice period.

I don't require RBS to issue Mr C with an apology. While RBS hasn't provided sufficient reasoning and information to our service, it's possible their decision to close his accounts was valid. So, in this context, making them issue an apology wouldn't be appropriate.

My final decision

My final decision is I uphold Mr C's complaint. Subject to Mr C accepting my final decision by the deadline, I require Royal Bank of Scotland Plc to pay him £200.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 8 March 2024.

Liam King
Ombudsman