

The complaint

B, a limited company, is unhappy Bank of Ireland (UK) Plc (Bank of Ireland) closed its account.

The complainant here is B. However, I may also refer to Mr W throughout my decision as he is the beneficial owner of B and has been driving this complaint.

I should make it clear that I have only looked at the closure of B's account in this decision.

What happened

The facts of this case are known to both parties so I will summarise below.

Bank of Ireland wrote to B on 7 August 2020 explaining that following a review, its account would be closed with immediate effect. It didn't give B a reason for the closure.

Mr W has said the immediate closure caused issues for B in that its regular rental payments received into the account couldn't be paid in and it had to rush to find alternative arrangements. Mr W has said it was difficult to find a new account in the UK for B, although this was eventually done. But in the meantime, it couldn't pay in the bankers draft that Bank of Ireland sent when it closed its account.

Mr W submitted a Data Subject Access Request (DSAR) and as a result received some internal communications from Bank of Ireland which suggested the account had been closed because he'd provided ID documents which had been certified by a non-practicing solicitor. Mr W is unhappy as Bank of Ireland didn't specify the documents needed to be certified by a practicing solicitor nor had it given him the opportunity to clarify or correct this before closing B's account. He's also pointed to legislation which he says confirms that the definition of a solicitor includes a solicitor that doesn't hold a practicing certificate.

Unhappy with Bank of Ireland's actions, Mr W referred B's complaint to this service. Our investigator didn't uphold B's complaint. He explained that Bank of Ireland had acted within the terms and conditions when closing the account and it didn't have to provide its reasons for doing so to B.

B remained unhappy. Mr W pointed out that Bank of Ireland has confirmed to him that the only reason it closed B's account was because of the issue with the document certification. He pointed out that a person can be a solicitor and not hold a practicing certificate because when qualified, all solicitors are entered onto the roll of solicitors, where they remain unless they are removed.

Mr W also pointed out that there is no justification for not giving B notice of the closure. He pointed to communication he'd received in the DSAR between his branch in Dublin and Bank of Ireland UK, saying it had given no reason to reach a conclusion of fraud or criminal activity that would warrant a closure without notice. He explained that he and B still have many accounts with Bank of Ireland, ROI.

Because B disagreed, the complaint has been passed to me to decide.

What I've provisionally decided – and why

I issued my provisional findings on the complaint on 4 September 2023. This is what I said:

“Bank of Ireland has a wide range of legal and regulatory obligations it must meet when providing account services to its customers. These obligations are ongoing so don't just apply at account opening stage. To comply with these obligations, it may need to review accounts and the activity taking place on them. Sometimes these reviews will lead to the accounts being closed. If Bank of Ireland didn't do this, it could risk serious sanction.

Mr W obtained various bits of information off the back of a DSAR he submitted to Bank of Ireland, and this has caused him concern about the reasons for the account closure. I've been able to review the unredacted copies of these emails and I do share his concerns around Bank of Ireland's actions when it comes to the certification of the ID documents Mr W provided. It is within Bank of Ireland's prerogative to have documents certified by a practicing solicitor, but I haven't seen anything to suggest Bank of Ireland specified this requirement to Mr W at any point. And having reviewed Bank of Ireland's policy around document certification, it does say that if the document doesn't meet the required standards, it should be returned to the customer and re-certification requested to the appropriate standards. Bank of Ireland didn't do this and so I can understand Mr W's frustration. I have no reason to doubt that had this happened, Mr W would have either provided the original document or had it re-certified by a practicing solicitor.

I understand why Mr W believes the reason for the closure rests solely on the ID certification and I'm in agreement that this appears to be the main factor. But Bank of Ireland has also shared with this service in confidence additional rationale behind the closure. And having reviewed its reasons, whilst I'm satisfied Bank of Ireland was able to close B's account under the terms and conditions, I'm not satisfied it acted correctly in closing B's account with immediate effect. As already mentioned, it didn't follow its process in terms of the document certification, and it failed to ask any follow up questions when the ID documents were submitted to alleviate any concerns it may have had. Taking this into account, I have seen nothing that convinces me an immediate closure was warranted or permitted under the terms and conditions.

Bank of Ireland sent B a banker's draft for the remaining funds in its account at the time of closure. However, B didn't have another account at the time and so couldn't cash this or utilise the money. Whilst I can't hold Bank of Ireland responsible for the length of time it took B to find another account, I do agree that for the notice period B should have been able to utilise the balance of the account. It was deprived of doing so because of Bank of Ireland's error in closing the account immediately, so I think it should pay 8% on the account balance between 7 August and 7 October 2020 – this being what should have been the two months' notice period under the terms and conditions.

Looking at the impact the immediate closure had on B, I think Bank of Ireland should pay it £250 compensation. It's clear that having no notice of the closure caused B inconvenience. It had to rush to find alternative banking arrangements, so the regular rental income received into the account could continue to be paid somewhere. When reaching this award, I've taken into account that B would always have had to find another account elsewhere and had the issue of it being difficult to find an account – and this isn't something I can hold Bank of Ireland liable for as it was ultimately entitled to close the account.”

Bank of Ireland didn't respond to the provisional decision.

Mr W responded on behalf of B. He raised three points which I have summarised below:

- He did not feel I'd given adequate attention to the complainant as a consumer. He gave the example of Bank of Ireland's complaint procedure and the fact it didn't identify the points I have since identified and issued a standard form rejection letter to the complainant.
- Any additional rationale that Bank of Ireland had for the account closure should have been shared with him.
- He does not feel the £250 is adequate for the amount of time and effort that went into the complaint.

Mr W has also provided a psychiatrist's report to show the impact the matter has had on him personally.

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.

As Bank of Ireland didn't respond to my provisional decision, I see no reason to depart from my findings that it was incorrect to close B's account immediately and should have provided notice.

Mr W on behalf of B, has raised several points which I will now address.

I appreciate Mr W feels Bank of Ireland's complaint procedure didn't identify the issues I have with the closure of B's account. I agree with him on this point and that is why I have upheld the complaint. It's clear Bank of Ireland felt it had a basis for closing B's account immediately but as I've explained, I don't agree. However, we're not the regulator of financial businesses (that is the Financial Conduct Authority). We don't police their internal processes. So, whilst I have upheld the complaint and awarded compensation for the impact this failing had on B, I can't enforce a punishment for the outcome its complaint team reached.

Mr W has said that Bank of Ireland's full rationale for closing his account should be shared with him. I should start by saying that a financial institution doesn't have to share its reasons for closing an account – just like a customer doesn't have to share their reason if they choose to close their account. And as long as this service can be satisfied the reasons for closing an account were legitimate, fair and free from discrimination, then it is a decision the financial business is entitled to make.

As mentioned in my provisional decision, the additional reasons for the closure have been shared with our service in confidence and in the circumstances, I'm in agreement these reasons should be kept confidential. I therefore won't be sharing this with Mr W or B. Our rules allow me to do this, and these can be found in Financial Conduct Authority's Handbook. The relevant rule being DISP 3.5.2. which says:

"The Ombudsman may:

(2) where he considers it necessary or appropriate, accept information in confidence, so that only an edited version or (where this is not practicable) a summary or description is disclosed to the other party;"

I appreciate Mr W's concern around wanting to test Bank of Ireland's rationale behind its decision to close his account. He has a level of distrust towards them due to what's happened and various media articles. He feels it has made false and misleading representations in other matters and so its representation in his complaint should not be accepted as true and accurate.

Whilst I acknowledge Mr W's concerns, Bank of Ireland has responded to all our requests to evidence its rationale behind its decision to close B's account and provided evidence when available – as we would expect it to do. And importantly, I've not seen anything to suggest what Bank of Ireland has given to me is false or misleading.

Finally, Mr W believes B should receive more than £250 compensation. However, I haven't seen anything that makes me believe a higher award is warranted in the circumstances for the reasons given in my provisional decision. Mr W has pointed to the impact the closure had on him and whilst I'm very sorry to hear this, as the complainant in this case is B, I'm unable to consider the impact to him personally when deciding on a fair and reasonable award.

In conclusion, whilst I take on board Mr W's comments, I see no reason to depart from my provisional findings. My final decision therefore remains that I uphold the complaint and direct Bank of Ireland to settle the complaint as detailed below.

Putting things right

In order to put things right I direct Bank of Ireland to do the following:

- Pay 8% simple interest on the balance of the account at the time of closing between 7 August and 7 October 2020. If Bank of Ireland considers that it's required by HM Revenue & Customs to deduct tax from that interest, it should tell B how much it's taken off. It should also give B a tax deduction certificate if it asks for one, so it can reclaim the tax from HM Revenue & Customs if appropriate.
- Pay £250 compensation for the inconvenience caused.

My final decision

My final decision is that I uphold B's complaint against Bank of Ireland (UK) Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask B to accept or reject my decision before 24 October 2023.

Sarah Brimacombe
Ombudsman