

The complaint

Ms A complains that Bank of Scotland Plc unfairly closed her account without providing an explanation. Ms A says this caused her unnecessary inconvenience and worry for which she should be compensated.

What happened

Ms A had current account with BOS. She's explained that she used the account to receive funds to support her studies, pay for everyday living expenses, and send money overseas to family via a third party money exchange service.

Ms A said she had a few teething problems soon after opening her account when BOS blocked her account on a couple of occasions. She's explained that this was because the bank suspected fraudulent activity on the account and because she was using a third party exchange service. But she said she had explained the activity on her account to BOS and believed that everything had been sorted out. And that BOS were happy with how she was running her account.

In May 2023, following a review, BOS decided to close Ms A's account. BOS wrote to Ms A giving her 65 days' notice that she needed to make alternative banking arrangements. During the notice period Ms A was able to use her account as usual.

Ms A complained to the bank and asked for an explanation behind her account being closed. And asked the bank to review its decision. BOS wouldn't give Ms A much information. It said it had closed the account in line with the account terms and conditions and regulatory obligations. BOS also said it wasn't obliged to provide Ms A with an explanation behind the closure. And wasn't willing to reopen the account. So, it didn't uphold Ms A's complaint.

Unhappy with this response, Ms A brought her complaint to our service where one of our investigators looked into what had happened. Ms A told us that she'd been a good customer of the bank and as far as she was concerned she had used it in line with the terms and conditions. She said the account was crucial to her as she was a student and received funds into the account to support her studies. She also said it was very important to maintain an account to help her secure housing. She said she'd suffered inconvenience and upset when BOS closed her account. And she wants the bank to provide her with a proper explanation for why it doesn't want her as customer.

The investigator asked BOS to provide more information about why it had closed Ms A's account. But BOS said it couldn't provide anything more than it had already provided to us. And it maintained that it hadn't treated Ms A unfairly when it had closed her account.

The investigator said based on the limited information the bank had provided, he couldn't say the bank had treated Ms A fairly when it had closed her account. So, he said BOS should pay Ms A £150 compensation for any trouble and upset the closure of her account had caused her. BOS accepted what the investigator said. Ms A didn't. She said that the

amount of compensation doesn't adequately reflect the trouble and upset she has suffered. She wants more compensation and wants to know why BOS closed 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.

Firstly, 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 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 decline to continue to provide an account to a customer without proper reason, for instance of unfair bias or unlawful discrimination. And they must treat new and existing customers fairly.

Ms A wants BOS to explain why it no longer wanted her as a customer. But BOS is under no obligation to tell Ms A the reasons behind the account review and closure, as much as she'd like to know. So, I can't say it's done anything wrong by not giving Ms A this information. And it wouldn't be appropriate for me to require it do so.

BOS can only close accounts in certain circumstances and if it's in the terms and conditions of the account. BOS have relied on the terms and conditions when closing Ms A's account. The terms explain that the bank can close the account with notice. However, BOS still needs to provide information to this service so we can fairly decide a complaint. Despite being asked by the investigator, BOS has failed to provide sufficient information about why it no longer wanted Ms A as a customer.

I've considered what BOS has said about why it won't provide further information to our service about the reasons it closed Ms A'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 BOS exclude it from complying with these rules. So, in this particular case, because of the lack of information I can't be satisfied that BOS has treated Ms A fairly when it closed her account. Taking this into account, like the investigator, I think BOS should pay Ms A compensation for the trouble and upset she has suffered as a result of BOS closing her account.

BOS agreed to pay £150 as recommended by the investigator. Ms A says this isn't enough. Having considered what Ms A has told us about how the closure of her account impacted her, I've no doubt this was a worrying and upsetting time for her. She also had to go to the trouble of finding and opening a new bank account, which she's explained was very important to have in place in order to receive her student loan. But having looked at all the evidence and circumstances of this complaint, I haven't found grounds to increase the level of compensation. I'm satisfied that £150 compensation is a fair amount of compensation and proportionate to the trouble and upset Ms A was caused. So, while Ms A may disagree with me, I won't be asking BOS to do anything else to resolve this complaint.

I note that Ms A has said the closure of her bank account had impacted her ability to secure rental accommodation because she needed three months' worth of bank statements to

produce as proof of financial stability. But I haven't seen any evidence that BOS's actions impacted Ms A's ability to secure somewhere to live. So, it wouldn't be appropriate for me to award compensation or something there is no evidence of.

My final decision

For the reasons I've explained I uphold this complaint. To put things right Bank of Scotland Plc should:

- Pay Ms A £150 compensation for the trouble and upset caused by the bank closing her account.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms A to accept or reject my decision before 19 February 2024.

Sharon Kerrison
Ombudsman