

The complaint

Mr H has complained that Starling Bank Limited (“Starling”) closed his account after providing 90 days’ notice and didn’t give a reason why.

What happened

On 7 August 2023 Starling contacted Mr H to request more information about transactions on his account. Mr H provided the requested information, but then on 14 August 2023 Starling contacted Mr H to say that following its review of his account, it had decided it would no longer provide Mr H with an account. Starling explained that Mr H’s account would close on 12 November 2023.

Unhappy with this, Mr H complained to Starling. Starling issued its final response letter on 23 August 2023 and did not uphold the complaint. Starling explained that it was unable to provide its reasons why the decision was taken to close the account, and referred to the section of its terms and conditions relating to account terminations.

After Mr H referred his complaint to this service, one of our investigators assessed the complaint and they didn’t think that Starling had acted unfairly or unreasonably. So they did not uphold the complaint.

Mr H disagreed with this, so the matter was referred for 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.

Having considered everything, I don’t uphold this complaint. I will explain why.

Financial businesses 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 accurate and up-to-date information about its customers and to prevent and detect financial crime. Because of these requirements, it’s common industry practice for firms to conduct a review on a customer and/or the activity on an account.

In this case, Starling contacted Mr H on 14 August 2023 to say that it had reviewed his account. After Mr H had provided the requested information, Starling explained that it had decided that it could no longer provide Mr H with an account. It gave Mr H 90 days to make alternative banking arrangements and to withdraw any money held in the account before it would be closed.

In this instance the terms of Mr H’s account say that Starling can close accounts by providing at least 2 months’ notice to a customer. They also say that in specific circumstances, Starling can close an account with immediate effect. I won’t list what those specific circumstances are here as I can see that Starling has already provided Mr H with a link to its terms and conditions with specific reference to page 9, which explains when Starling can close an account.

Having reviewed the account terms and conditions, I can't reasonably say that Starling had breached the terms and conditions of the account. I say this because it provided Mr H with 90 days' notice, rather than the 60 days' notice it was required to give. In the circumstances, I think it was reasonable that Starling extended the notice period – as it provided Mr H with a reasonable amount of time in which to make alternative banking arrangements.

I understand that Mr H wants Starling to explain the reason why it closed his account. I can appreciate why Mr H has asked for this, given that he complied with Starling's requests for information and says that the account is not used for any illegal purposes.

I recognise that it can't be pleasant being told you are no longer wanted as a customer. I also appreciate that it may be concerning for Mr H, in case there was an unknown issue that may affect his ability to open an account with other providers. But Starling is not obliged to disclose to its customers what triggers a review of their accounts or the reasons behind a subsequent account closure - as much as Mr H would like to know.

So, I can't say Starling has done anything wrong by not giving Mr H any further detailed information about its decision to close his account. And it wouldn't be appropriate for me to require it do so.

In terms of its decision to close the account, I should explain that 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 open an account or close an existing account without proper reason, nor should they do so because of discrimination. And they must treat new and existing customers fairly.

As outlined above, Starling is not obliged to explain to Mr H the reasons why it decided to close his account. However, Starling still needs to provide information to this service so we can fairly decide a complaint.

Starling has provided information about why it decided to close Mr H's account. And having reviewed that information, I'm satisfied that Starling's decision to close Mr H's account was fair and reasonable. And although Mr H says he feels discriminated against by Starling's decision, based on the information provided by Starling, I'm satisfied that its decision to close Mr H's account was not based on, or linked to, any protected characteristic. I'm also satisfied that Starling took reasonable steps in its notice to close letter to signpost Mr H to the relevant organisations i.e. credit reference and fraud prevention agencies. This was so that Mr H could check to see what information is held about him, that other financial businesses could potentially see.

I recognise that it is frustrating for Mr H to not know the specific reasons why Starling decided to close his account. I also recognise that the account closure may've been inconvenient and concerning for him. But I am satisfied that Starling had acted within the terms and conditions of the account and that it has acted fairly and reasonably in the circumstances. I therefore can't reasonably say that Starling should reinstate Mr H's account.

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 H to accept or reject my decision before 7 June 2024.

Thomas White
Ombudsman