

The complaint

Mr S complains Think Money Limited unfairly refused to refund transactions on his account which he didn't authorise. Mr S also complains Think Money Limited unfairly closed his account.

What happened

The facts of the complaint are well known to both parties, so I will only provide a summary of the key points.

In late April 2023 Mr S called Think Money to explained that he had been contacted by a member of its fraud team as his account had been compromised. The caller asked Mr S to change his security details, and this involved receiving a new passcode which Mr S told the caller, along with his memorable phrase.

Following this when Mr S tried to make a purchase, he found out his account was empty. Think Money explained to Mr S that he had received a spoof call and he hadn't been contacted by Think Money, but a fraudster. Think Money reviewed the details of the fraud provided by Mr S and made the decision to refund £420 of the £670 loss Mr S incurred. Think Money held Mr S liable for £250 as it argued Mr S had acted negligently with his account information.

Mr S's fraud claim prompted Think Money to carry out a review of his account. Following this review Think Money made the decision to terminate its relationship with Mr S and it informed him of this on 15 May 2023, and it gave him seven days' notice to make alternative arrangements.

Mr S raised a formal complaint about the handling of his fraud claim and account closure. Think Money responded and in summary, explained the following:

- Its decision to give a partial refund of the funds that were lost as a result of the fraud he experienced was fair. It says Mr S didn't act with the right level of care with his details.
- It had closed Mr S's account in line with the account terms and conditions. It wasn't under any obligation to give Mr S specific reasons for the closure.

Unhappy with the response from Think Money Mr S referred his complaint to our service. An Investigator reviewed the complaint and made the following findings:

- Think Money should refund the full amount that was spent on Mr S's account with 8% interest. This was because the evidence didn't suggest Mr S had been grossly negligent with his account information.
- Think Money had closed the account fairly, and in line with the account terms and conditions.

Think Money accepted the recommendations. Mr S disagreed with the recommendations, explaining Think Money had unfairly closed his account and he would like it reopened. Mr S also says Think Money has recorded negative information about him. As no agreement could be reached, the case has been referred to me – an ombudsman – 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 done so, while I appreciate Mr S's strength of feeling about his complaint, I'm satisfied the recommendation outlined by the Investigator is fair. I'll explain why.

Disputed transactions

The first key part of Mr S's complaint is the activity that took place on his account following a call from Think Money. I will address this issue briefly, as Think Money has agreed to the recommendation outlined. Mr S and Think Money both agree that Mr S has been the victim of a spoof call. Think Money initially held Mr S liable for £250 of the amount that had been taken from his account without his consent.

The Investigator recommended Think Money refund the full amount, along with 8% interest. Based on the evidence I've seen I think this is fair. The relevant law here is the Payment Services Regulations 2017, and broadly speaking Mr S is responsible for any payments that he has authorised (either by making them himself or allowing someone else to) and he isn't responsible for unauthorised payments.

Essentially if Mr S made the disputed transaction himself or authorised it to be made on his behalf, it would not be fair to ask Think Money to refund it. But Mr S can also be held liable if he has been grossly negligent with his account details. Think Money argued Mr S had met the requirement for gross negligence. However, based on Mr S's comments about the events leading up to the transactions and the evidence provided by Think Money I am not persuaded Mr S was grossly negligent.

Think Money has accepted the recommendation made by the Investigator to refund the remaining £250 and pay 8% interest simple on this amount from the date of the transactions up until the date of payment. This is in line with our approach to compensation in complaints of this nature and a fair resolution to this part of Mr S's complaint.

Account closure

Mr S's fraud claim prompted Think Money to carry out a review of his account. UK legislation places extensive obligations on regulated financial businesses and this applies to both new and existing relationships. In Mr S's case I'm satisfied Think Money were complying with these obligations when they reviewed Mr S's account.

Think Money's review of Mr S's account led to its ultimate decision to close the account. Think Money is entitled to set their own policies and part of that will form their risk criteria. It is not in my remit to say what policies or risk appetite Think Money should have in place. I can however, while considering the circumstances of individual complaints, decide whether I think customers have been treated fairly. As long as they reach their decisions fairly, it doesn't breach law or regulations and is in keeping with the terms and conditions of the account, then this service won't usually intervene. They shouldn't decline to continue to provide banking services without proper reason, for instance of unfair bias or unlawful discrimination. And they must treat new and existing customers fairly.

The terms and conditions of Mr S's account set out that the bank can close the account by providing Mr S with 60 days' notice. In certain circumstances, it can also close the account immediately. In this case Think Money provided Mr S with seven days' notice, so I consider this to be akin to an immediate closure. For Think Money to act fairly here they needed to meet the criteria to apply their terms for immediate closure – and having looked at these terms and all the evidence that the bank has provided, I'm satisfied that Think Money did.

I understand Mr S wants Think Money to explain the reason it closed his account. But Think Money is under no obligation to tell Mr S the reasons it no longer wants him as a customer as much as he'd like to know. So, I can't say it's done anything wrong by not giving Mr S this information. And it wouldn't be appropriate for me to require it do so.

I can see the closure of the account has caused Mr S distress, and he has explained the impact Think Money's decision has had on him. Unfortunately, an account closure will inevitably cause a level of inconvenience and the account holder will have to spend time making alternative arrangements. But this isn't something I can fairly ask Think Money to compensate Mr S for, as its decision was made in line with its account terms.

Mr S says other accounts he holds have been affected and been closed. Mr S also says he has applied for new accounts, but these applications have been unsuccessful. I haven't seen any evidence to suggest this is due to Think Money or any information it holds about Mr S. I would encourage Mr S to contact the organisations which the Investigator signposted to Mr S as they can assist Mr S, who should be able to access a basic bank account.

I am sorry to hear of the difficulties Mr S has experienced and appreciate this has been a challenging time for Mr S and his family. However, based on the evidence I have seen, Think Money has acted reasonably. I know this will not be the outcome Mr S was hoping for and he will be disappointed with the decision I've reached. But I hope my decision provides some clarity around why I won't be asking Think Money to reopen his account.

Putting things right

In full and final settlement Think Money Limited should:

- Refund the £250 Mr S lost as a result of the fraudulent activity on his account. Think Money Limited should apply 8% simple interest per annum from the date of the fraud to the date of settlement.

My final decision

My final decision is that I 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 19 November 2024.

Chandni Green
Ombudsman