

The complaint

Mr and Mrs W complain that The Royal Bank of Scotland Plc (RBS) closed their bank accounts without reason. They are also unhappy that RBS prevented them from using the account switching service.

What happened

The detailed background of this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

Mr and Mrs W had been long standing customers of RBS having had several accounts with the bank since the mid 1980's. Mr W has explained that their current account had a number of direct debit payments set up on it to pay bills, insurance and pension premiums.

In January 2023, RBS reviewed Mr and Mrs W's accounts. Following this, RBS decided to close Mr W and Mrs W's joint savings and current accounts. RBS wrote to Mr W giving him 60 days' notice to make alternative banking arrangements. The accounts were closed in March and April 2023. During the notice periods Mr and Mrs W could use their accounts normally.

Mr and Mrs W's assumed that their direct debits and standing orders would be moved across to another bank account they had with a different bank using the account switching service. However, in February 2023, their other bank let them know that RBS had stopped the switch. This meant Mr W had to spend time manually moving across the direct debits and bill payments set up on the account. Mr W was also worried that this would lead to problems with his insurance and pension premiums.

Mr W complained to RBS and asked the bank to provide an explanation why it no longer wanted him and Mrs W as customers, but RBS wouldn't provide him with much information. Mr W said if the bank suspected him of doing anything untoward then it should tell him. He's also upset that RBS stopped him using the account switching service to set up his direct debit payments with a different bank. Overall, he said RBS closing the accounts hadn't had much financial impact on him and Mrs W, but at the time he was making some vital decisions regarding his pensions, so having to sort everything out with RBS was an unwelcome distraction.

In response to Mr W's complaint RBS said it had closed the accounts in line with the terms and conditions.

Unhappy with this response, Mr W brought his complaint to our service where an investigator considered it. The investigator asked RBS to provide more information about why it had closed Mr and Mrs W's accounts. RBS gave us some information but said it couldn't provide anything more than it had already provided to us. But overall, the bank said it was complying with its legal and regulatory obligations and hadn't done anything wrong in doing what it did.

The investigator said that based on the limited information the bank had provided, she couldn't say the bank had treated Mr and Mrs W fairly when it had closed their accounts. So, she said that RBS should pay them £100 compensation for the trouble and upset this had caused them.

Mr W disagreed and said that the amount of compensation offered doesn't adequately reflect the amount of trouble and upset he suffered. He also wants RBS to explain why it did what it did. He pointed out that he has always maintained his accounts properly, is credit worthy, has no debt and never been in trouble with the law. So, he can see no genuine reason for the bank's actions. Mr W says he has a right to know if the bank suspects him of fraudulent behaviour. And he wants to know why he couldn't use the switch service.

In response to the investigator's view RBS provided more information about the reasons it closed the accounts. The investigator reviewed the information and issued a second view saying that she couldn't share any more information but didn't think the bank had done anything wrong when it had closed the accounts and stopped the switch.

Mr W disagreed and said he suspects there is more to the matter and wants to know the reasons behind the bank's decision to close his accounts.

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.

I would add too that our rules allow us to receive evidence in confidence. We may treat evidence from banks as confidential for a number of reasons – for example, if it contains security information, or commercially sensitive information. Some of the information RBS has provided is information that we considered should be kept confidential. This means I haven't been able to share a lot of detail with Mr W, but I'd like to reassure him and Mrs W that I have considered everything.

RBS are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. They can broadly be summarised as a responsibility to protect persons from financial harm, and to prevent and detect financial crime. They're also required to carry out ongoing monitoring of new and existing relationships. Sometimes, following a review, banks can decide to close accounts.

That's because RBS is entitled to close an account with Mr and Mrs W just as they are entitled to close their account with RBS. It's generally for banks and financial businesses to decide whether or not they want to provide, or to continue to provide, banking facilities to any particular customer. Unless there's a very good reason to do so, this service won't usually say that a bank or financial business must keep a customer or require it to compensate a customer who has had their account closed. 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.

I've looked at the terms and conditions and they state that RBS could close Mr and Mrs W's account by giving them at least 60 days' notice. I've also seen the notice to close letter that

RBS sent Mr W in January 2023, giving him the full notice period, so I'm satisfied that RBS has complied with this part.

I've next gone on to consider whether RBS's reason for closing the accounts was fair. In doing so, I appreciate that RBS are 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 RBS should have in place. I can however, while considering the circumstances of individual complaints, decide whether I think customers have been treated fairly.

RBS has provided some further details of its decision making process, I'm sorry but I can't share this information with Mr and Mrs W due to its commercial sensitivity. Based on what RBS has shared with this service, I'm satisfied their actions were reasonable in the circumstances. And the bank's decision to stop providing Mr and Mrs W with banking facilities was reached legitimately and fairly. On balance when considering RBS's wider legal and regulatory responsibilities and all the information available to me, I find RBS had a legitimate basis for closing Mr and Mrs W's accounts and not tell them why. So, it wouldn't be appropriate to award Mr and Mrs W any compensation since I don't find RBS acted inappropriately when it closed their accounts.

I understand of course why Mr W wants to know the exact reasons behind RBS's decision. Especially as Mr and Mrs W were such long standing customers of the bank. While not trying to minimise the upset and frustration this no doubt caused Mr and Mrs W, RBS doesn't disclose to its customers what triggers a review of their accounts. This can be due to a number of reasons and RBS isn't obliged to give a reason to the customer. Just the same as if Mr W decided to stop banking with RBS, he wouldn't have to explain why. RBS is under no obligation to tell Mr W the reasons behind the account closure, as much as he'd like to know. So, I can't say it's done anything wrong by not giving Mr W this information. And it wouldn't be appropriate for me to require it to do so.

Mr W is also upset that RBS stopped the accounts and payments set up on it being transferred to his other bank account using the account switching service. This meant he had to manually move his direct debits and standing orders across to his other account. At the time Mr W has explained he was making some vital decisions regarding his pensions, so having to do this was an unwelcome distraction. He's also said that his other bank told him RBS had stopped the switch due to fraud concerns, which he found disturbing and upsetting.

RBS can refuse to comply with a request a switch request if they have reasonable grounds to do so. I understand that Mr W thinks they don't have any valid reason for refusing the switch. I note too that Mr W has checked and confirmed that he has no fraud markers loaded against him and says that he has always been a reliable customer of RBS. He said not being able to use the switch service caused potential problems with insurance and pension premiums. So, I can understand why he wants to know what their reasons are. But as I've already said, RBS are not obliged to reveal those reasons.

I've carefully balanced what Mr W has told us against RBS's basis for their refusal , and on balance, I'm satisfied they had legitimate grounds to take the action they did in stopping the swtich, and they applied their terms correctly. So, I won't be asking RBS to compensate Mr and Mrs W for the trouble they may have had in creating new payment arrangements or for any losses they may have encountered as a result, such as the cancellation of life insurances or pension premiums.

Finally, I can see from what Mr W has said that he is concerned RBS may have recorded a fraud marker against him. I note Mr W has checked with the fraud prevention agency Cifas who has confirmed no markers exist. I can only add that I've not seen any evidence that

RBS has recorded anything against either Mr W or Mrs W that may make it difficult for them to obtain credit or other financial products in the future. I hope this provides Mr W the assurance he is seeking.

In summary, it's clearly caused Mr and Mrs W trouble and upset when RBS closed their accounts. So, I realise they will be disappointed by my decision. But having looked at all the evidence and circumstances of this complaint, I can't say RBS treated Mr and Mrs W unfairly when it closed their accounts and stopped the switch process. So, I won't be asking RBS to do anything to resolve Mr and Mrs W's complaint.

My final decision

For the reasons I've explained, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W and Mrs W to accept or reject my decision before 1 April 2024.

Sharon Kerrison
Ombudsman