

The complaint

Mrs K complains that Bank of Scotland plc (trading as Halifax) closed her account without providing an explanation or warning. Mrs K said she didn't receive the notice letter that Halifax says it sent. She is also unhappy with the service she received when she visited a branch.

What happened

Mrs K had a current account with Halifax which she used to receive her wages, pay bills and the costs of everyday living expenses.

In June 2023, following a review, Halifax decided to close Mrs K's account and gave her 65 days' notice to make alternative banking arrangements. Halifax said it sent Mrs K a notice to close letter on 22 June 2023. Mrs K had full access to her account during the notice period.

Mrs K says she never received the letter and only found out Halifax were going to close her account when she was in the process of applying to open a joint account with her husband in August 2023. She said the closure of her account has impacted her credit score and led to direct debits going unpaid. Mrs K has also explained that she had to spend time rearranging her salary to be paid into another account which was inconvenient. Overall, she said the whole experience has caused her anxiety, upset and stress.

Mrs K visited a branch to try and find out why Halifax no longer wanted her as a customer and to raise an appeal against its decision to close her account. Mrs K said that the manager at the branch was rude to her and ignored her request to raise a complaint. She said she was made to feel like a criminal and was treated differently because of her race and religion.

Mrs K complained to Halifax about the closure of her account. Halifax said it hadn't done anything wrong and had complied with the terms and conditions of the account when it had decided to close the account. The bank also explained that it didn't have to provide Mrs K with the reasons for its actions and that it said it had written to Mrs K to let her know it was closing her account. However, Halifax accepted that when Mrs K had visited the branch, its service had fallen short. It said Mrs K should have been able to lodge a complaint and appeal about the closing of her account with staff. Halifax apologised and paid Mrs K £50 compensation for the trouble and upset she'd been caused by having to wait longer to raise the issues with the bank.

Unhappy with this response Mrs K brought her complaint to our service. Mrs K says she called Halifax on several occasions trying to find out why her account was being closed but was passed from pillar to post and wasn't given any explanation. She said that her credit score has been impacted and she now has to start from scratch building up her credit record after coming to the UK a few years ago. She wants Halifax to apologise, explain why it closed her account and pay her substantial compensation for the trouble and upset its actions caused her.

One of our investigator's reviewed Mrs K's complaint and asked Mrs K to provide evidence of her missed direct debits and fees she was charged. She also asked Mrs K to provide evidence that her credit score was negatively impacted. In response, Mrs K said she no longer had access to her online banking so can't provide evidence of her missed direct debits. She also said that her credit score disappeared from her phone when the account was closed so she has no way of providing this information. But she said she had to go through a complicated online procedure to organise her salary to be paid into another account, which was stressful.

The investigator asked Halifax to provide more information about why it had closed Mrs K's account. The investigator also asked Halifax to provide evidence to show it had sent Mrs K a notice to close letter in June 2023.

In response, Halifax said that it was entitled to close Mrs K's account. And said it had made a commercial decision to end its relationship with Mrs K. But said it couldn't provide anything more than it had already provided to us.

The investigator said that based on the limited information the bank had provided, she couldn't say the bank had treated Mrs K fairly when it had closed her account. So, she said Halifax should pay Mrs K £200 compensation for the trouble and upset she'd been caused by the bank's actions. She said that Halifax had done enough to put things right regarding the service she received in branch.

Halifax accepted the investigator's recommendation. Mrs K didn't. She said that the compensation isn't enough to make up for the anxiety, upset and inconvenience that the closure of her account caused her. She wants £20,000 compensation, an apology and for Halifax to provide a proper explanation for why it 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.

Banks are entitled to end their business relationship with a customer, as long as this is done fairly, doesn't breach law or regulations and is in keeping with the terms and conditions. In this instance the terms of Mrs K's account say that in certain instances Halifax can close the account with immediate notice and by providing 60 days' notice to a customer. And it doesn't have to provide a reason for doing so.

Mrs K has told our service that she didn't receive the notice to close letter that Halifax says it sent to her in June 2023. And she only found out by chance that her account was being closed when she ran into problems trying to open a joint account with her husband. We've asked Halifax to provide this service with a copy of the letter, and evidence to show that it was sent to Mrs K. Halifax haven't done this. So, Halifax haven't been able to demonstrate to my satisfaction that they sent a notice to close letter to Mrs K's address, fulfilling their obligation to provide two months' notice of their intention to close the account, as required by Halifax's terms.

In the absence of any evidence to the contrary I see no reason to disbelieve Mrs K, so I accept she didn't receive the notice. And wasn't given the proper notice period of two months. This meant Mrs K had a reduced period in which to make alternative banking

arrangements, which included having to move her direct debits and rearrange her salary payment details with her employer. So, I'm not satisfied Mrs K has been treated fairly.

Mrs K has asked why Halifax couldn't have sent the notice to close letter by email, sent her a text or called her to let her know it had decided to close her account. She also doesn't understand why Halifax didn't call her to ensure that she had received its notice to close letter. These are all reasonable questions. But ultimately it is for Halifax to decide how it will send formal notices to its customers. So, I can't Halifax have done anything wrong in not following things up with Mrs K or choosing to use the postal service to send out its notice to close letters.

I understand Mrs K wants Halifax to explain the reason it closed her account. It can't be pleasant being told you are no longer wanted as a customer. But Halifax doesn't disclose to its customers what triggers a review of their accounts to its customers. It's under no obligation to tell Mrs K the reasons behind the account being closed, as much as she'd like to know. So, I can't say it's done anything wrong by not giving Mrs K this information. And it wouldn't be appropriate for me to require it do so.

However, Halifax needs to provide information to this service so we can fairly decide a complaint. Despite being asked by the investigator, Halifax has failed to provide information about why it closed Mrs K's account. I've considered what Halifax has said about why it won't provide further information to our service. And the information it has provided about why it closed Mrs K's account. 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 Halifax exclude it from complying with these rules. So, in this particular case, because of the lack of information I can't be satisfied that Halifax has treated Mrs K fairly when it closed her account. Taking this into account, I agree with the investigator that Halifax should pay Mrs K compensation for the trouble and upset caused by Halifax closing her account.

The investigator said that Halifax should pay Mrs K £200 compensation. Mrs K doesn't think this is enough and wants more. She wants £20,000. I should explain that there isn't a set formula that we use to calculate awards for particular mistakes or poor service. It's my role to consider what impact Halifax's actions have had on Mrs K and decide, within guidelines set by our service, whether compensation would be appropriate in the circumstances.

I've considered what Mrs K has said about how Halifax's actions impacted her. I've no doubt this was a worrying and stressful time for Mrs K. She only found out about the closing of her account when she tried to open a joint account with her husband – in other words by chance. She also had less time to reorganise her financial commitments because she didn't receive a notice to close letter from Halifax.

Having considered the impact this had on Mrs K and taking into consideration that Mrs K hasn't been able to provide evidence of direct debit fees she says she incurred or impact to her credit file, I'm satisfied that £200 compensation recommended by the investigator recognises the impact Halifax's actions had in the overall circumstances of this complaint. In reaching this conclusion I've kept in mind that Mrs K has told us that she already had another account she could use for her banking needs including receiving her salary. I've also kept in mind that Mrs K would always have had to spend time sorting things out even if things happened as they should have – in particular, that Halifax would still have closed Mrs K's account. I've considered Mrs K's further comments. But these don't change my conclusions. I appreciate that this falls short of the amount Mrs K is seeking, but for the reasons I have explained, I am satisfied that £200 is fair.

Finally, Mrs K has said she feels discriminated against because of the way she was treated when she visited a branch to appeal the banks' decision to close her account. And because she wasn't able to raise a complaint with the manager. Mrs K says she feels she was treated differently to other customers in the branch because of her race and religion. I have taken on board what she's said when considering whether Halifax treated her fairly and reasonably. It is not my role to decide whether discrimination has taken place – only the courts have the power to decide this. I have, however, considered the relevant law in relation to what Mrs K has said when deciding what I think is the fair and reasonable outcome. Part of this has meant considering the provisions of The Equality Act 2010 (The Act).

Halifax accepts the service it provided Mrs K fell short – it says Mrs K should have been allowed to raise a complaint and lodge an appeal regarding the closure of her account in branch. But she wasn't able to do so until she contacted Halifax by phone. So, she had to go out of her way to raise things with the bank. I think Halifax should have allowed Mrs K to raise her complaint and appeal in branch. With this in mind, I'm satisfied that Halifax didn't treat Mrs K fairly when she visited a branch. And the way Halifax dealt with Mrs K could've been better. Halifax have paid Mrs K £50 in recognition of what happened. Looking at the complaint as a whole I think this is a fair and reasonable way to resolve this aspect of Mrs K's complaint. So, I won't be asking Halifax to do anything more .

My final decision

For the reasons I've explained, my final decision is that I uphold this complaint and direct Bank of Scotland plc (trading as Halifax) to put things right by doing the following:

- Pay Mrs K £200 compensation for the trouble and upset this matter has caused her

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs K to accept or reject my decision before 11 July 2024.

Sharon Kerrison
Ombudsman