

The complaint

Mr I is unhappy that Bank of Scotland plc (trading as Halifax) closed his bank account. He also believes that Halifax has placed a marker against his name which has made it difficult for him to open another account.

What happened

Mr I had a current account with Halifax that he opened in December 2022 after being released from prison. Mr I explained that he used the account to receive his salary and pay for everyday living expenses.

In March 2023, following a review Halifax decided to close the account. Halifax wrote to Mr I giving him two months' notice that he needed to make alternative banking arrangements. During the notice period Mr I had full access to his account.

Halifax told Mr I that the reason it was closing his account was because he was outside the bank's risk appetite.

Mr I complained to Halifax about the closure of the account and asked Halifax to explain why it no longer wanted him as a customer. Mr I said that after Halifax closed his account, he couldn't open another bank account. And that any accounts he managed to open were closed very quickly. So, he had to resort to using a relatives' bank account. Mr I said that he thinks this is because Halifax had placed a marker against his name.

Halifax reviewed its decision to close Mr I's account but maintained its position. It said it had closed the account in line with the terms and conditions. The bank also said it hadn't placed any marker against Mr I's name and that it wasn't responsible for any problems Mr I was having with other bank accounts being closed.

Mr I wasn't happy with the bank's response and brought his complaint to our service. He said Halifax had treated him unfairly based on him being an ex-prisoner and that he should be entitled to a bank account. He explained Halifax's actions had meant his financial future is now uncertain and that he has had to go to the trouble of opening an account which charges high fees. Overall, Mr I said that the whole experience took a real toll on both his mental and financial well-being.

One of our investigators reviewed the complaint and asked Halifax for some more information about why it had closed Mr I's account. Halifax provided some information 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, he couldn't say the bank had treated Mr I fairly when it had closed his account. So, he said Halifax should pay Mr I £150 compensation for the trouble and upset he'd been caused by the bank's actions.

Halifax agreed. Mr I didn't. He maintains that the bank has discriminated against him and wants to know why Halifax closed his account. He wants his account reopened because he is having trouble opening another bank account. He suspects Halifax has put a marker

against him as he can't get a bank account and said without knowing the reasons behind his account being closed, it will be impossible for him to successfully open a bank account and get on with his life.

As no agreement could be reached the matter came to me to decide.

I reviewed all the information Halifax, and Mr I provided in response to the investigator's requests. After doing so, I reached a different conclusion to the investigator and issued a provisional decision which said the following;

I can see Mr I feels very strongly about his complaint. That's clear from what's he's said to us and to Halifax. Whilst I appreciate Mr I's frustration and how this matter has impacted him it's important to point out that the only thing in question here is whether Halifax has done what it should have done. And I think it has. I'll explain why.

Halifax is entitled to close an account with Mr I just as is entitled to close his account with Halifax. But before Halifax closes an account, they must do so in way which is fair and complies with the terms and conditions of the account. I've looked at the terms and conditions and they state that Halifax could close the account by giving at least two months' notice. Halifax has done this, so I'm satisfied that they have complied with this part.

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

I've considered carefully what Mr I told us about being an ex-prisoner. Mr I has explained used his account properly and isn't engaged in any form of criminal activity. So, he says it would be unfair for Halifax to discriminate against him and base its decision to close the account on the fact that he is an ex-prisoner.

After considering all the available evidence and information I haven't seen evidence to show that Halifax closed Mr I's account for an improper reason. There's nothing that I've seen, that suggests it amounted to anything other than a legitimate exercise of its discretion. It follows then that I've not seen any evidence that would lead me to conclude Halifax treated Mr I differently because he is an ex-prisoner. The reason Halifax gave for closing the account is that it was outside the bank's risk appetite. That in turn means it can choose who it has a customer relationship with. This is a decision that I can't interfere with as it is a commercial business decision.

I understand of course why Mr I wants to know the exact reasons behind Halifax's decision, other than what he's been previously been told. And I can see that Mr I has asked Halifax to explain itself on several occasions. But Halifax doesn't disclose to its customers what triggers a review of their accounts. And it's under no obligation to tell Mr I the reasons behind the account review and closure, as much as he'd like to know. So, I can't say it's done anything wrong by not giving Mr I this information. And it wouldn't be appropriate for me to require it to do so.

I appreciate that Mr I is understandably concerned that Halifax closing his account will continue to impact his ability to open other bank accounts. But Halifax can't be held responsible for the decisions that are made by other financial institutions. Other banks and financial businesses will have their own criteria, terms, and conditions which they work to when deciding whether to offer an account to a customer. However, I want to assure Mr I that I've not seen any evidence that Halifax has placed any marker against Mr I's name that

would make it more difficult to open an account or cause an account to be closed.

In summary, I understand Mr I will be unhappy with my provisional decision but ultimately Halifax is entitled to set its own risk appetite. Having reviewed all the evidence and circumstances of this complaint, I'm satisfied that Halifax has acted in line with the terms and conditions of the account and as such I can't conclude that it has treated Mr I unfairly when it closed his account. So, it wouldn't be appropriate for me to award Mr I any compensation as I don't find it acted inappropriately when it closed his account. So, I won't be asking Halifax to do anything to resolve Mr I's complaint.

Neither party responded to my provisional decision.

Now both sides have had an opportunity to comment I can go ahead and issue my 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.

As neither party has provided anything new for me to consider, I see no reason to depart from my provisional findings. I remain of the view that this complaint should not be upheld for the reasons set out in my provisional decision, which are repeated above and form part of this decision.

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 I to accept or reject my decision before 11 June 2024.

Sharon Kerrison
Ombudsman