

## **The complaint**

Mr K complains that Chip Financial Ltd unfairly closed his account. He's also unhappy that he continued to receive marketing emails about opening a new account.

## **What happened**

Around September last year, Chip decided to close Mr K's savings account immediately and returned the funds in his account back to him. Mr K complained to Chip because his account was closed without an explanation. Following the closure, Mr K says he received marketing emails from Chip, causing him to apply for accounts with Chip again. These accounts were only open for a short period and then closed immediately. Mr K is unhappy that Chip sent him such emails, knowing it would close his accounts anyway.

Responding to Mr K's complaint, Chip explained that it had closed his accounts in line with its terms but declined to set out its reasons for doing so. Chip recognised that Mr K incorrectly received the marketing emails that followed, so it offered him £20 compensation to put things right. Chip also confirmed it had updated its system so Mr K would no longer receive such emails.

After Mr K asked this service to review his complaint, one of our investigators concluded that Chip had acted fairly. Mr K doesn't agree – he thinks Chip closed his accounts because he'd previously raised a complaint about it. Mr K requested a final decision on the matter, so the complaint has been passed 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.

Regulated financial firms that operate in the UK (including Chip) are required to carry out specific actions to meet their legal and regulatory obligations. This includes the requirement for firms to complete ongoing monitoring of existing business relationships. And that sometimes results in firms deciding to restrict or - in some instances - close customer accounts.

Chip has provided me with information to show why it reviewed Mr K's account. Having considered this, I'm satisfied that Chip acted in line with its regulatory obligations.

Chip is entitled to close an account. However, in doing so, it must ensure it complies with the terms and conditions of the account. The terms of the account say that Chip can close Mr K's account by giving him at least two months' notice. In certain circumstances, Chip can also close an account immediately.

Chip closed Mr K's accounts immediately. Based on the information I've seen, I'm satisfied that Chip acted fairly and in line with its terms and conditions when doing so. I can't see that there were any delays with the return of Mr K's funds either, so I'm satisfied Mr K's funds were sent back to him promptly. I've considered whether, in the circumstances, it would've

been fair for Chip to have given Mr K two months' notice of closure. However, given the information I've seen regarding Chip's decision to close Mr K's accounts, I'm satisfied that it was reasonable for it to have done so immediately.

Mr K suggests the decision to close his accounts was because of a previous complaint he'd raised against Chip. But the information I've seen doesn't show this is the case here. I understand Mr K's concern, given he would like to know why Chip closed his accounts, and he would like to know what the information is which has led to me reaching these findings. But Chip is under no obligation to explain to Mr K why it closed his accounts.

It's important that I point out that our rules allow us to receive evidence in confidence. We may treat evidence from respondent firms as confidential for several reasons – for example, if it contains security information, or commercially sensitive information. DISP 3.5.9R states:

*"The Ombudsman may:*

*(1) exclude evidence that would otherwise be admissible in a court or include evidence that would not be admissible in a court;*

*(2) accept information in confidence (so that only an edited version, summary or description is disclosed to the other party) where he considers it appropriate*

*..."*

I've accepted the information Chip has provided in confidence - which establishes its reasons for closing Mr K's accounts. The description of that information is it is of a commercially sensitive nature, and I'm satisfied it shows Chip closed Mr K's accounts fairly.

Turning to the marketing emails. I can understand Mr K's distress and frustrations given he continued to receive these emails. I can see this led to him applying for an account multiple times, only for Chip to close the new accounts immediately.

It's unclear why Mr K continued to apply for accounts despite Chip's earlier decision to immediately close his account. Given the context of what had happened, I think it's likely Mr K would've reasonably been aware that Chip wouldn't seek to continue its relationship with him.

Chip accepts that Mr K shouldn't have received these emails after his account was closed. Chip says it has since updated its system so Mr K no longer receives marketing emails, and it offered him £20 compensation.

Despite what Mr K may believe, I haven't seen anything that suggests Chip sent these emails to Mr K to deliberately waste his time. In my opinion, I think the marketing material sent shortly after Chip's decision to close Mr K's account is unlikely to have been reasonably understood as Chip wanting to provide him with an account again. So while this was an error, I'm not persuaded it's substantive enough in these circumstances to warrant compensation. If Chip's offer is still open and Mr K wants to accept it, that is a matter for both parties to agree outside of our service's involvement.

To conclude, I'm satisfied that Chip acted fairly when it decided to close Mr K's accounts. And given everything I've seen regarding the marketing emails, I won't be asking Chip to do anything more to put things right.

### **My final decision**

For the reasons explained above, I'm not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 23 August 2024.

Abdul Ali  
**Ombudsman**