

The complaint

Mr L complains that Bank of Scotland plc, trading as Halifax unfairly blocked and closed his account. He's also unhappy with Halifax's level of service to him following its closure decision.

What happened

Around August last year, Halifax issued Mr L with notice that it was closing his account. Mr L complained because Halifax didn't explain why it made this decision and because it didn't agree to provide him with additional time. Mr L also complained about the poor level of service he felt he'd received from the bank – he says Halifax failed to respond to his data subject access request (DSAR) within the required timescale, and that the bank provided him with inaccurate information when he attempted to use the account switch service.

Responding to the complaint, Halifax explained that it had acted in line with its terms and had provided Mr L with the appropriate period of notice. Halifax pointed to a block it placed on Mr L's account, which it said was done in error. So it paid him £60 compensation. The bank added that it hadn't otherwise provided a poor service.

Remaining unhappy, Mr L referred his complaint to this service. Mr L says he was caused stress and inconvenience because of the bank's failings. He says he had to spend additional time dealing with the issues he's complained about and that he had difficulty liaising with other financial firms, so he's concerned about opening an account elsewhere. Mr L wants Halifax to re-open his account and explain its reasons for closing it. Mr L also wants Halifax to apologise and pay him compensation.

One of our investigators concluded that Halifax had acted fairly when it decided to close Mr L's account. The investigator also asked that Halifax pay Mr L a further £150 compensation for its service failings.

Mr L doesn't agree with the investigator's view, so the complaint has been passed to me to decide.

Since referring his complaint to this service, Mr L raised some complaint points that would fall under complaint handling. He's unhappy with the bank's process for raising a complaint and that it asked that he responds in writing in some instances. Complaint handling concerns do not fall under this service's jurisdiction, unless the issues raised relate to the underlying activity being complained about. As Mr L's concerns about complaint handling do not relate to the underlying complaint that he's raised, I won't be commenting on these points in my 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, I share the opinion of our investigator – I'll explain why.

Account closure

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

Halifax has provided me with information to show why it reviewed Mr L's accounts. Having considered this, I'm satisfied the bank acted in line with its regulatory obligations.

Halifax 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 Halifax can close Mr L's accounts by giving him at least two months' notice. In certain circumstances, the bank can also close an account immediately.

Halifax gave Mr L two months' notice that it was closing his accounts. Based on the information I've seen, I'm satisfied that Halifax acted fairly and in line with its terms and conditions when doing so. Mr L wanted Halifax to provide a six-month extension to the notice period.

However, I haven't seen anything regarding Mr L's circumstances to persuade me that Halifax acted unfairly when it didn't agree to this request. Ultimately, the bank's terms explain what notice period (if any) Halifax should provide. And I don't find it unreasonable that the bank maintained its position by giving Mr L two months' notice.

I understand Mr L's concern, given he would like to know why Halifax closed his account and would like for it to be re-opened. But the bank is under no obligation to explain why it made this decision, nor does it have to re-open the account in line with Mr L's request.

It's important that I point out that our rules allow us to receive evidence in confidence. We may treat evidence from banks as confidential for several reasons – for example, if it contains security information, or commercially sensitive information. Some of the information Halifax has provided is information we consider should be kept confidential.

Mr L provided us with additional information to explain some of the activity on his account. He thinks that Halifax should've made enquiries with him to understand his account activity as he feels the bank has reached its decision to close his account based on a misunderstanding.

However, whilst I agree that Halifax could've made further enquiries with Mr L about how he used his account, I don't think it's failure to do so makes a difference here. Our investigator shared Mr L's submissions with the bank and, following a review of this information, Halifax explained that it doesn't make a difference to its decision. Having considered the information Halifax has shared with us in confidence, I'm satisfied that the bank's decision to close Mr L's account is fair.

Service concerns

Turning to the poor service Mr L says he received from the bank. Mr L says he tried to use the account switch service which failed. He received a letter from Halifax (a copy of which I've seen), directing him to his new bank. Following further enquiries, Mr L was later told by Halifax that it couldn't facilitate the switch due to its decision to close his account. Mr L is unhappy with the inconvenience this caused him, as he had to contact both Halifax and the

bank he'd chosen to open an account with to establish what went wrong. He's also unhappy because Halifax's closure notice suggested the account switch service as an option for him.

Although I haven't seen all the communications Mr L had with Halifax, based on the closure notice and the account switch letter sent to him in October last year, I find Mr L's testimony to be plausible. It seems to me, Halifax failed to provide accurate information to him and unfairly caused him to take steps to apply for the account switch service, knowing it's not something the bank could accommodate. It doesn't seem like Mr L used his Halifax account as a main account, so I'm satisfied that the bank's failing didn't impact his daily banking activities. Nevertheless, I am persuaded that some degree of inconvenience was caused here.

Mr L also submitted a DSAR, which Halifax acknowledged in September last year – referencing a response date of 28 September 2023. Under general data protection regulations, Halifax should've responded within one calendar month. Under the rules, Halifax can take longer to respond, if the DSAR involves a complex matter and the bank is required to explain the delay. I can see that Halifax didn't formally respond until December 2023 and it hasn't given us a reasonable explanation for the delay, nor can I see that the DSAR involved a complex matter. So I agree that Halifax failed to offer a reasonable level of service when it delayed its DSAR response.

For the distress and inconvenience caused to Mr L by these service issues, I agree that £150 compensation is a fair way to put things right.

Halifax recognises that it unfairly applied a block on Mr L's account before advising him of its decision to close his account. So it paid him £60 compensation. Based on what Halifax told us, my understanding is that this block wouldn't have affected Mr L's day-to-day account activity. I also understand that Mr L didn't notice any restrictions on his account until after he was issued with the closure notice. So I can't see any reason to instruct Halifax to do anything more in regards to this.

In summary, I'm satisfied that Halifax's decision to close Mr L's account was fair and in line with its terms and conditions. Following its decision, Halifax failed to offer Mr L a satisfactory level of service, so I think it should compensate him for the distress and inconvenience caused.

Putting things right

Halifax failed to provide a good level of service to Mr L. To put things right, it should pay him £150 compensation.

My final decision

For the reasons explained above, I'm upholding this complaint. Should Mr L accept, Bank of Scotland plc, trading as Halifax should settle this complaint in the way I've set out above.

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

Abdul Ali
Ombudsman