

The complaint

Miss I complains that Bank of Scotland plc (operating under its Halifax brand) closed her current and credit card accounts without telling her the reason for its decision.

What happened

Miss I held a current account and a credit card account with Halifax. In September 2023 it gave Miss I notice that it would be closing both accounts. The current account would be closed on 30 November 2023 and the credit card account on 15 December 2023. The bank did not tell Miss I why it had made that decision.

Miss I went to her branch to try to find out more about the bank's decision. The branch could not (or would not) give her any information and she was directed to the bank's head office. When she contacted the head office, Miss I was directed back to the branch. She was also told, incorrectly, that there was no appeal from the closure decision.

During the course of her conversations with the bank, Miss I was also told, again incorrectly, that her current account would not be closed and that only her credit card was affected.

Halifax accepted that it had not handled Miss I's enquiries as well as it should have done. It sent her two cheques – for £200 and £100 – in recognition of that. Miss I said that she was unwilling to pay them in, even though she had an account with another bank.

Halifax was not however prepared to change its decision to close Miss I's account, and so Miss I referred the matter to this service.

One of our investigators considered what had happened and issued a preliminary assessment. She thought that, by paying Miss I £300 in total, the bank had done enough to resolve matters. She didn't recommend that it re-open the accounts or pay more compensation.

Miss I did not accept the investigator's view and asked that an ombudsman review the case. She said she was not satisfied with the investigator's investigation and that she wanted to submit a data subject access request (or DSAR) to find out more about the reasons for closure.

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.

It is generally for banks to decide whether to provide, or to continue to provide, account services to any particular customer. They can exercise their commercial discretion in such matters and, as long as that discretion is exercised legitimately, this service won't usually intervene. I have considered that issue here, and am satisfied that Halifax's decision to close Miss I's accounts was a legitimate one. The bank did not have to tell Miss I exactly why it decided to close her accounts. As the investigator explained, Halifax has provided this

service with its reasons (in confidence, as our rules allow). I am satisfied that its reasons were legitimate.

A bank should however give reasonable notice before closing a customer's account. What is reasonable depends on the circumstances, but in most cases a period of around two months is fair for a personal account. In this case, Halifax gave Miss I 65 days' notice of closure of the current account, and a little longer in the case of the credit card account. That was reasonable in my view, especially as Miss I has told us that she had another account she could use.

Halifax told Miss I that she would not be able to open another account within the Lloyds Banking Group. Again, that is a commercial decision for the Group to make and not one with which I believe I should interfere. It is very common for a bank which has closed a customer's account to decline to open another account at the same bank or at a bank within the same group.

Miss I has said that Halifax should not have paid compensation by cheque. I don't agree. It seems a perfectly reasonable means of payment, especially as Miss I had an account into which she could pay the cheques – possibly remotely.

Finally, I note that Miss I says she has made a DSAR to the bank. I do not however believe that is a reason to delay issuing this decision. I am satisfied that I have all the evidence I need to reach a determination and that Miss I has had a proper opportunity to respond to the investigator's initial assessment.

My final decision

For these reasons, my final decision is that I do not uphold Miss I's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss I to accept or reject my decision before 5 November 2024.

Mike Ingram

Ombudsman