

The complaint

Mr K complains about the service he received from Bank of Scotland plc trading as Halifax (“Halifax”) regarding the closure of his accounts with it. In particular, he is unhappy Halifax closed his current account without any notice resulting in him being unable to access his main account to pay for his bills.

What happened

Mr K held a current and savings account with Halifax. Mr K raised several complaints with Halifax regarding his accounts and the service he’d received.

In 2023 this amounted to 19 of which 12 complaints were not upheld.

On 14 November 2023 Lloyds Banking Group (LBG) wrote to Mr K explaining that it had made the decision to close all Mr K’s accounts with it including his accounts with Halifax. The letter gave him 65 days’ notice expiring in January 2024 to make alternative banking arrangements but come the expiry date due to an error on Halifax’s part Mr K’s accounts remained open.

Halifax’s notes show that on 21 November 2023 Mr K acknowledged his accounts with other providers in LBG were to be closed but that any updates on the Halifax account would need to be sent in large print letters and emails.

Mr K says he never received any updates regarding his Halifax accounts and was under the impression only his accounts held elsewhere would be closed and so Mr K continued to use his Halifax current account in the first half of 2024 using it as his

main account for his expenses and had the closing balance of his other account paid in here. And a final response letter from Halifax dated 11 January 2024 also states:

“If we do receive any further unfounded complaints we *may* need to make the decision to close your accounts.”

Further adding to Mr K’s confusion.

But it wasn’t until Mr K brought a different complaint to this service that Halifax realised that Mr K’s accounts with it – including a current account and savings accounts – were still open.

On discovery of this Halifax closed Mr K’s current account without giving any further notice on 1 May 2024 and incorrectly advised Mr K his funds from this account had been released when in fact it held onto Mr K’s funds until they could be paid into his account with a new provider on 17 June. Despite not giving any further notice on Mr K’s current account closure, Halifax gave Mr K 65 days’ notice expiring on 2 August regarding the closing of his savings accounts with it.

This caused Mr K quite some distress as he suffers from ill health and is a vulnerable customer. Mr K says Halifax had assured him that he would be given notice if it was to close his Halifax accounts and that it would be given in large print by email and letter so that he could arrange alternative banking.

Mr K says if he knew his account was going to be closed, he would’ve requested an account switch earlier than he did. This would’ve allowed him to move his direct debits and standing orders easily, but as Mr K requested an account switch after his account had already been closed the switch failed resulting in multiple direct debits being cancelled and bills being left unpaid,

and Mr K was left without access to his funds for several weeks.

Halifax says it didn't add a CIFAS marker and so there was nothing preventing Mr K opening another account elsewhere.

One of our investigators looked into Mr K's concerns and reached the conclusion that Halifax was entitled to close his accounts in line with the terms and conditions of the account as it had given Mr K full notice before his account with it had closed. However, they thought Halifax had treated Mr K unfairly by not providing further notice when it came to light it hadn't closed his current account and thought that Halifax should pay Mr K £250 compensation for the distress and inconvenience this caused.

Halifax accepted that it should've closed Mr K's accounts when the notice was initially given and agreed to pay Mr K £250 compensation on the basis that this would be full and final settlement of the matter and all relationships ceased.

Mr K disagreed, he says the closure of his account has caused lots of problems with his direct debits and standing orders and he wants Halifax to reinstate his account and to be compensated for the distress and inconvenience caused by the poor service received.

Mr K has asked for an ombudsman's decision.

I issued my provisional decision on 14 August 2024. In my provisional decision, I explained why I was proposing to uphold Mr K's complaint. I invited both parties to let me have any further submissions before I reached a final decision. Halifax have accepted my provisional decision and Mr K has provided his additional thoughts and feelings, but overall, he hasn't added any new information that I think changes the outcome as stated in my provisional 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.

In my provisional decision I said that:

"I hope that Mr K won't take it as a discourtesy that I've condensed his complaint in the way that I have. I understand Mr K wished to speak to the deciding ombudsman prior to the issue of a decision. But having carefully looked at all the information provided and listened to the call recordings between Mr K, Halifax and this service, I'm satisfied Mr K has provided enough detail that I can make a decision on his complaint without speaking to Mr K personally and hopefully bring this protracted matter to an end. Ours is an informal dispute resolution service, and I've concentrated on what I consider to be the crux of the complaint. Our rules allow me to do that.

Mr K's complaint stems from the service he received from Halifax when it closed his current account without further notice and was incorrectly advised that his funds had been released. This meant Mr K was unable to carry out a switch and have all his direct debits and standing orders moved and was without access to his funds from his current account for several weeks.

Halifax have already agreed it make an error by not closing Mr K's accounts when it said it would and agreed to compensate Mr K £250 for the distress and inconvenience this caused. So I don't need to make a finding here. What I have to do is decide whether the compensation Halifax has agreed to pay is enough to put things right. And I currently don't think it is.

I agree with our investigator that Halifax was entitled to close Mr K's accounts provided it gave the correct notice and it wasn't making the decision to do this unfairly. The letter Mr K received about this made it clear his Halifax accounts would close and given Mr K's history with Halifax the decision to close the accounts I don't

think was unreasonable. As a general rule, Halifax isn't obliged to continue offering an account to a customer if it doesn't want to – providing banking facilities and to who is a commercial decision and not something for this service to get involved with.

But I think Halifax did treat Mr K unfairly following him being informed all his accounts within the LBG would be closed.

I say this because although the letter was clear that all his accounts would be closed, the advice given and actions taken by Halifax directly contradicted this and confused Mr K leaving him under the impression that his accounts with Halifax would remain open and that he didn't need to take any action here.

This is reflected in Halifax's notes and in its final response letter dated 11 January 2024 where it merely suggests it may take the decision to close Mr K's Halifax accounts. Furthermore, Mr K was able to continue to use all his accounts with Halifax following the initial notice expiry period reinforcing Mr K's understanding that his accounts with Halifax weren't to be closed.

So I accept Mr K through no fault of his own was under the impression his accounts with Halifax were going to remain open and his position that if he'd understood his Halifax accounts were going to close he would've switched out his account and saved himself all the stress and bother he's experienced in having to set up new direct debits and standing orders to pay his bills.

To put things right Mr K would like to have his current account reinstated and be compensated for the distress and inconvenience caused.

But just as I can't tell Halifax who it needs to provide banking services to, I can't tell it to reopen an account either. And even if I could I think it would be a pointless exercise as all Mr K's direct debits and standing orders have been cancelled - and likely some of which have now probably been set up on his new account. And going by the level of complaints Mr K's raised with Halifax, I think he was clearly unhappy with the service he was receiving overall and as a result the banking relationship as I understand it has now come to an end.

But I do think there should be an uplift in the compensation of £250 recommended by our investigator and accepted by Halifax. Mr K suffers from both physical and mental health conditions and is vulnerable which would've made it all the more difficult for him not being able to switch out his account. Instead, because he was given contradictory advice Mr K wasn't allowed the time he needed to switch out his account and has had to set his main current account - the one he uses to receive income and pay his bills from - up again from scratch.

Furthermore, while this process was taking place, he was given incorrect information about where his funds with Halifax were and was without access to his money for several weeks. So I'm currently minded to uphold Mr K's complaint and think Halifax should compensate Mr K £400 for the distress and inconvenience this has caused him."

As Halifax has accepted my provisional decision and Mr K hasn't provided any further materially different evidence or arguments for consideration, I see no reason to depart from the conclusions set out in my provisional decision. It follows that I uphold this complaint.

My final decision

For the reasons I've explained, I uphold Mr K's complaint and direct Bank of Scotland plc to pay Mr K £400 for the distress and inconvenience caused.

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

Caroline Davies
Ombudsman