

The complaint

Miss B complains that J.P. Morgan Europe Limited (trading as Chase), unfairly decided to close her account.

What happened

In January, Chase decided to issue Miss B two months' notice of closure of her bank account. Chase says that Miss B breached the terms and conditions of her account.

Miss B's account with Chase included the benefit of a Round-up reward account. This meant her spending was rounded up to the nearest £1, with the difference being saved automatically and subject to interest earnings. In January, Chase felt that Miss B was spending repeatedly in a way that resulted in her Round-up benefit being inflated. Chase says that Miss B's spending breached the requirement under the account terms that she uses her account for everyday spending.

Chase says it sent Miss B two messages via the mobile banking app, explaining that she needed to stop using her account in this way. Chase also says it tried to speak with Miss B over the phone but couldn't reach her. As Miss B continued to spend on her account in this way, Chase decided to issue her with notice of closure.

Miss B says the message notifications on the app weren't clear, so although she accepts receiving them, she didn't realise she had new messages to review until after the closure notice had been issued. Miss B says Chase should've ensured notifications were clearer and, had she seen the initial messages, she would've stopped spending in the way she had been.

Miss B says the spending was for purchases she had made via an online platform and the payments were made through a third-party online payment provider – she says Chase hasn't defined what everyday spending is, so she wouldn't have known that spending in this manner would've been in breach of the account terms.

Following the expiry of the notice period, Miss B says she noticed her account remained open, so she assumed Chase had changed its decision. Miss B received her usual salary payment on 26 March and there were other successful payments around the time. A few days later, Miss B's account was closed. She feels Chase misled her into thinking her account would remain open.

Following the closure, Miss B says she experienced delays in accessing her funds and she had no idea where her remaining balance of around £3,000 had gone. Miss B says she had to make multiple enquiries with Chase but found that it failed to honour call back requests. Although Miss B eventually received her funds on 6 April, she says it caused her to miss a credit card payment resulting in her being charged interest and a late payment fee, totalling around £70. Miss B is also unhappy with Chase's correspondence following the closure, which she feels suggests the closure was initiated by her, rather than Chase.

Miss B says she was already experiencing health issues around the time, and this experience caused her further unnecessary stress.

In response to her complaint, Chase said it had acted in line with its terms. After Miss B asked this service to get involved, one of our investigators concluded that Chase had acted unfairly when it decided to close Miss B's account. The investigator felt Miss B's payments didn't fall outside of everyday spending. The investigator asked that Chase pay Miss B £200 to put things right.

Chase didn't agree, so the complaint has been passed to me for a final review.

My provisional findings

I recently issued my provisional findings on this complaint:

Chase's terms allow it to close an account with two months' notice. In certain circumstances, Chase can close an account immediately. Chase says it issued Miss B with notifications and later a notice of closure due to her account activity being in breach of its terms. Chase says its terms point to Miss B only using her account for everyday spending. Chase says Miss B's use of a third-party platform to pay for goods was in breach of this term. It thinks that Miss B's purchases around the time were carried out in a manner that it deliberately inflated the balance in her Round-up account.

However, as our investigator explained, there's nothing in Chase's terms that specify that the use of a third-party platform to make payments doesn't fall under the definition of everyday spending. Miss B has explained that the payments in question were for purchases she had made via an online platform. She says the payments were inflated because the platform would add a shipping fee each time. Miss B has provided us with her purchase records, and I can see this to be the case. I'm satisfied that Miss B's spending was in line with what I would reasonably class as everyday spending. Given this, I think it was unfair for Chase to close her account for this reason.

Miss B says Chase's decision to close her account caused a flare up in her stress levels. She says she was already signed off from work at the time because of stress and was taking medication for anxiety and depression. I empathise with Miss B given she was going through a difficult time, and I can understand how Chase's actions would've caused her additional distress. I also appreciate Miss B would've experienced a degree of inconvenience because of the account closure. I'll explain later how I think Chase can compensate Miss B for the impact of its unfair decision.

Miss B expressed concerns about whether Chase did enough to notify her that her spending fell outside of what Chase defines as everyday spending. Although I concur with our investigator's comments on this, I don't think it's important for me to reach a finding on this point. I say this because, as I've pointed out already, Chase unfairly decided that Miss B's spending was in breach of its terms. So any potential failings on Chase's part in trying to notify Miss B beforehand aren't ones I think I need to reach a finding of fairness on, given I think that overall Chase acted unfairly here.

By the time the notice period of two months had expired, Miss B's account had a remaining balance, which meant Chase couldn't fully close it until that balance had been moved. The balance was because Miss B's March salary was paid into the account. Miss B says she had arranged with her employer so that her salary would be paid into another account, but she thinks she may have missed her employer's payroll cut-off date.

Miss B feels she was misled into believing her account would remain open because it didn't

close on the expected date. However, I haven't seen anything that persuades me that Chase did something wrong that would've led to this misunderstanding. Chase wouldn't have been able to close the account while a balance remained. So I think it acted fairly by delaying the closure until the funds could be moved.

Miss B says Chase caused delays in the return of her funds. She points to multiple calls she made and says it wasn't until several days later that she was asked to provide alternative account details so her funds could be transferred. Miss B adds there were instances where Chase failed to honour call back agreements.

Chase hasn't sent us a copy of these calls, so I can't reach a conclusion on what was discussed. But I can see from the information Chase sent us that Miss B did indeed have multiple conversations with Chase around the time. Chase says it attempted to obtain alternative account details from Miss B on 29 March – but it didn't hear back – and it wasn't until 6 April that it was able to get this information from Miss B.

The account was due to close around 22 March and Miss B's salary was paid in a few days later. So it's unclear why Chase was unable to seek alternative account information from Miss B sooner, especially given I can see there were multiple calls with her before 6 April. Chase also hasn't evidenced its attempt to obtain this information from Miss B in March. So, on balance, I'm persuaded that Chase unfairly delayed the return of Miss B's funds.

As a result, Miss B says she was unable to meet the repayment date on her credit card and she's provided her credit card statements and statements from another account to show that she didn't have enough funds elsewhere to pay her credit card bill. Miss B was charged interest and a late payment fee because of this – an amount that I think Chase should reimburse her for.

Miss B says she informed Chase about her poor health and is unhappy it didn't support her. I can see Miss B advised Chase about this via its webchat service on 10 March. Having reviewed the conversation that followed, I'm not satisfied that Chase did enough to support Miss B. I can see Chase did ask her how it could support her and Miss B responded asking that it doesn't close her account. No further questions were asked of her. Chase didn't probe into Miss B's health conditions, nor did it look to check in on her wellbeing, or find out if there's anything else it could do to support her.

When asked about this part of Chase's interaction with Miss B, Chase acknowledges that it failed to follow its own internal process when Miss B mentioned her stress levels. We asked Chase for detail on its internal process, but Chase hasn't shared this with us. So I can't fairly say whether the application of this process would've made a difference. Nevertheless, as I've said, I don't think Chase did enough here to support Miss B, so I plan on instructing it to compensate her for its failing.

Miss B is unhappy that Chase sent her communications following the closure of her account that suggested she initiated the closure. Although I appreciate this would've been distressing, I don't think this was done with any ill intent nor do I think this was a failing on Chase's part. I think it's likely this was a standard communication sent as part of the closure process, so I don't find that it was unreasonable of Chase to have sent this to Miss B.

In summary, I think Chase acted unfairly when it decided to close Miss B's account. Chase also failed to adequately support Miss B after she mentioned her health problems. I also think Chase caused a delay in the return of Miss B's funds.

Neither party had anything further to add.

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 I haven't received any further submissions to consider, my decision remains the same.

Putting things right

To put things right, Chase should settle this complaint by:

- Reimbursing Miss B for the interest and late payment fee she was charged on her credit card account, which amounts to £69.60.
- Paying her 8% interest on the balance that remained in her account at the time of closure, calculated from the date Miss B's account was closed to the date her balance was returned to her*.
- In addition to the above, Chase should pay Miss B £200 compensation for the distress and inconvenience it caused her.

** If Chase considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Miss B how much it's taken off. It should also give her a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.*

My final decision

For the reasons explained, I'm upholding this complaint. J.P. Morgan Europe Limited (trading as Chase) should settle this complaint in the way I've explained above.

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

Abdul Ali
Ombudsman