

## **The complaint**

Miss F complains Bank of Scotland plc, trading as Halifax, closed her account and held her liable for payments that had previously been refunded after she had disputed making them. Miss F is also unhappy this left her in overdraft and that she hasn't been given an explanation.

Miss F is represented by her mother, but to keep things simple, I will refer to Miss F in my decision. I will also mainly refer to "Halifax" in my decision.

## **What happened**

In December 2023, Miss F disputed three payments that had been made from her account. In January 2024, Halifax notified Miss F that it was closing her account in 65 days' time. Miss F was held liable for the disputed payments Halifax had initially refunded. Halifax reclaimed these payments from Miss F's account which led to it being overdrawn.

Unhappy Miss F complained. Halifax didn't uphold Miss F's complaint. In summary, it made the following key points:

- Her account is overdrawn because of two disputed transactions that Halifax previously gave her conditional refunds on whilst it investigated her claim. Halifax received confirmation that two of the transactions were genuine and so it attempted to contact Miss F. As Halifax didn't hear from Miss F, the refunds were re-debited which put her overdrawn
- Halifax will continue to write to Miss F until the £89.97 she owes it has been repaid

Miss F referred her complaint to this service. One of our Investigator's looked into it, and they recommended it wasn't upheld. In summary, their key findings were:

- As the bank confirmed the transactions were genuine, Halifax removed the funds from Miss F's account it had previously conditionally refunded. Halifax attempted to contact Miss F about these transactions but didn't receive a reply
- Halifax closed the account fairly and gave 65 days' notification

Miss F didn't agree with what our Investigator said. Miss F said that at no time was she made aware the refunds were conditional. Our Investigator explained Halifax did say this in its final response letter of February 2024, and that all refunds of this type are conditional based on the bank's investigations. They also added that Halifax is fairly holding Miss F liable for the debt she owes.

As there was no agreement, this 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.

Having done so, I have decided not to uphold this complaint. I'll explain why.

Banks in the UK, like Halifax, are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. They are also required to carry out ongoing monitoring of an existing business relationship. That sometimes means Halifax needs to restrict, or in some cases go as far as closing, customers' accounts.

Halifax is entitled to close an account just as a customer may close an account with it. But before Halifax closes an account, it must do so in a way, which complies with the terms and conditions of the account. The terms and conditions of the account, which Halifax and Miss F had to comply with, say that it could close the account by giving her at least two months' notice. And in certain circumstances it can close an account immediately or with less notice.

Halifax has given me a copy of the notice of closure it sent Miss F. I note she was given slightly more than two months' notice. Generally, in closures like this I would expect Miss F to have unrestricted access to her account. The screenshots from Halifax's systems it has sent me shows there were no restrictions on the account until it was closed. But the notice of closure letter says a block has been placed on the account that stop all transactions.

Miss F doesn't appear to have been using her account at that point, nor has she complained about having no or limited access. Given the contradictory information, I will place greater weight on the notice to close letter. In other words, restrictions were applied to the account. That means, I will be treating the account as an immediate closure.

Halifax has provided me with an explanation and supporting information as to why it decided to close Miss F' account in this way. Having carefully considered this, I'm satisfied Halifax closed Miss F' account in line with its terms and conditions. I know Miss F wants a detailed explanation, but Halifax is under no obligation to do so.

Miss F is unhappy Halifax reclaimed two of the refunds it had previously made on her disputed payment claims. And that this has left her account overdrawn. I'm satisfied that Halifax has acted fairly in reclaiming the refunds and holding Miss F liable for the debt this created. It's likely Miss F would want an explanation as to why Halifax didn't uphold her claim for these two payments. But I have decided to treat this information from Halifax in confidence.

Our rules allow us to receive evidence in confidence. We may treat evidence from banks as confidential for a number of reasons – for example, if it contains security information, or commercially sensitive information. Some of the information Halifax has provided is information that we consider should be kept confidential.

That means Halifax is acting fairly when holding Miss F responsible for these two payments. Miss F should speak to Halifax to arrange payment as I note it has made her aware of the consequences of not doing so.

As I don't think Halifax has done anything wrong, I see no basis to award compensation for any distress and inconvenience its actions have caused Miss F.

### **My final decision**

For the reasons above, I have decided not to uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss F to accept or

reject my decision before 27 January 2025.

Ketan Nagla  
**Ombudsman**