

## **The complaint**

Mr M complains Bank of Scotland plc trading as Halifax unfairly closed his account.

## **What happened**

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

Mr M held a Halifax account which was opened in June 2020. Halifax says that as part of its regulatory duties it regularly reviews accounts and Mr M's account was subject to review. This review led to Halifax's decision to close Mr M's account. On 19 June 2024 Mr M was issued with a notice to close letter. This explained that his account would be closing in 60 days, and during this time the account would be blocked.

Mr M raised a formal complaint about the account closure. Halifax explained it had blocked and closed the account fairly and in line with the account terms and conditions, and it wasn't under any obligation to give Mr M the reasons why it had made its decision.

Mr M remained unhappy and referred his complaint to our service. An Investigator reviewed the complaint and initially found that Halifax had acted unfairly by blocking the account which meant it essentially closed immediately. They recommended Halifax pay Mr M £75 for the impact this had on Mr M.

Halifax disagreed and made further representations about the account usage and the information it had relied on to block and then close the account. Upon review, the Investigator issued revised findings. These in summary concluded the following:

- Halifax is entitled to close an account, but it must do so in line with the account terms.
- The account was closed with two months' notice, but it was restricted in this time, but this was fair given the information Halifax has shared with this service.

Dissatisfied with this review, Mr M asked for his complaint to be reviewed by an Ombudsman.

## **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.

I appreciate Mr M was disappointed by the investigator's opinion. I'd like to reassure Mr M that I've considered the whole file and what's he's said. But I'll concentrate my comments on what I think is relevant. If I don't mention any specific point, it's not because I failed to take it on board and think about it, but because I don't think I need to comment on it to reach what I think is a fair and reasonable outcome. No discourtesy is intended by me in taking this approach.

As a UK financial business, Halifax is strictly regulated and must take certain actions in order to meet its legal and regulatory obligations. It's also required to carry out ongoing monitoring of an existing business relationship. This includes establishing the purpose and intended nature of transactions as well as continuing to carry out due diligence checks on account holders, and there may be penalties if they don't. That sometimes means Halifax needs to restrict, or in some cases go as far as closing, customers' accounts.

Halifax has explained and given me information to show why it reviewed and closed Mr M's account. Having carefully considered this, I'm satisfied Halifax took these actions in line with the obligations it must adhere to. In addition, 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.

I know Mr M feels Halifax has acted unfairly given the lack of information provided to him about the closure. Ultimately Mr M would like a detailed explanation as to why Halifax took these actions. But Halifax isn't under any obligation to provide this. I would add too that our rules allow us to receive evidence in confidence. We may treat evidence from regulated businesses 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 we consider should be kept confidential. Having carefully considered this information, I'm satisfied Halifax acted appropriately and in keeping with its regulatory duties.

Mr M says Halifax's decision to close his accounts caused him significant distress and inconvenience. I do appreciate this matter would've caused Mr M difficulty, but I can't see that this was Mr M's main account as there isn't general spending on the account. The account was also in debit when the account was restricted, which meant Mr M wasn't deprived of access to funds. The decision to close a bank account immediately can't be taken lightly given the impact it can have on a customer. Based on the information I've seen and the account terms I agree that Halifax acted fairly in restricting the account.

I know this will not be the outcome Mr M was hoping for and he will be disappointed with the decision I've reached. But I hope my decision provides some clarity around why I won't be asking Halifax to take any further action.

### **My final decision**

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 12 February 2025.

Chandni Green  
**Ombudsman**