

The complaint

Mr W complains Bank Of Baroda (UK) Limited (“BoB”) closed his accounts without notifying him. And that BoB didn’t reactivate and keep the accounts open to allow him to make alternative banking arrangements when he found out about the closures - despite providing the documentation it required.

Mr W says BoB’s actions has led to him suffering financial loss, distress, and inconvenience. To put things right, Mr W wants compensation and the accounts reopened.

What happened

The details of this complaint are well known by both parties, so I won’t repeat them again here in detail. Instead, I’ll focus on setting out some of the key facts and on giving my reasons for my decision.

In July 2023, BoB sent Mr W a notification letter, to his registered address, that after a strategic review it had decided to wind down and close accounts in the UK. Because of this BoB explained it was giving Mr W six months’ notice his accounts would be closed. The date of closure was 12 January 2024.

The letter went onto explain Mr W would need to transfer out his funds. And that his accounts were inactive. And to reactivate it additional information may be required. BoB say it sent periodic reminder letters about the closures in September, October, and December 2023. And that it sent Mr W a text message about the closures. This letter was returned as undelivered, with a forwarding address handwritten on it.

BoB say Mr W never made it aware of his change of address.

Mr W says he only found out about the closure one week before in early January 2024. Mr W then attended BoB’s branches and was told that he would need to provide proof of address. Mr W initially gave BoB a branch printed bank statement, but this wasn’t accepted as it wasn’t one that had been posted to him.

Mr W’s accounts weren’t reactivated as a result, and it commenced to closure on 12 January 2024. Mr W then provided a statement that had been posted to him, but BoB didn’t accept this as it wasn’t certified. Mr W didn’t think BoB was acting fairly and deposited some cash and cheques in the branch. BoB say it couldn’t deposit these into his accounts as they initially hadn’t been reactivated and shortly after were closed.

Mr W says he wasn’t living at his registered address due to shielding requirements because of the pandemic, and so he continued to live elsewhere in the UK that was less densely populated.

Unhappy with the actions BoB had taken, Mr W complained. BoB didn’t uphold Mr W’s complaint. In summary, the key points it made were:

- Mr W’s accounts had become inactive as more than 12 months had passed since

any activity took place on it. To request activation, Mr W needed to provide BoB with the required KYC documents

- BoB hadn't stopped any incoming payments to the accounts, so Mr W would need to check with the payee for any dividend payment he was expecting that weren't paid. The last dividend payment into the accounts was in December 2020
- The branch manager clarified that if the accounts aren't reactivated by 12 January 2024, no transactions could take place on the accounts and explained what Mr W needed to reclaim his funds
- Mr W needs to collect his undeposited cash and cheques from BoB's branch. And he hasn't provided BoB with a certified copy of his proof of address and the completed funds reclaim form to proceed with the transfer of his funds to an external nominated account
- BoB followed its procedures correctly and acted in line with its terms and conditions of accounts

Mr W referred his complaint to this service. One of our Investigator's looked into it and recommended it be upheld in part. In short, their key findings were:

- BoB was entitled to close the accounts for the reasons it gave. And it did so in line with the terms and conditions of the accounts, and gave six months' notice when it could have given two months' notice
- The July 2023 notice to close the accounts was returned undelivered with a forwarding address added for Mr W. They haven't seen anything to suggest BoB tried to contact Mr W to confirm and update his address, and ensure he was aware of the closure. So they're not satisfied Mr W received the notice of closure and follow-up reminders
- Mr W's sterling account was last used in 2019, and the USD one in 2020. BoB did nothing wrong given what its terms say by making the account inactive
- Mr W visited a BoB branch on 9 January 2024 after he'd spoken to it the day before to submit his bank statement to reactivate the account. But this wasn't acceptable as it was a branch printed one. Mr W was made aware of this, and so his accounts remained inactive
- BoB informed Mr W later that it couldn't deposit his cash and cheques that he'd dropped into the branch as his accounts remained inactive. BoB hasn't done anything wrong here and informed Mr W correctly throughout
- Had Mr W received the notice of closure letters it wouldn't have made a difference given he still hasn't returned the reclaim form and proof of address to BoB. But it should pay him £100 compensation for the distress and inconvenience caused by failing to provide him with relevant notice

Mr W didn't agree with what our Investigator said and has sent in several submissions. To keep matters simple, and easy to follow, I'll set-out the main points he's made without reiterating previously made points. Similarly, I will summarise our Investigator's and BoB's main responses.

Mr W's responses:

- Mr W was assured any deposits presented to BoB prior to the closure date of 12 January 2024 would be processed. So BoB should've credited his accounts with the cash and cheques he presented to it
- A postal bank statement was sent to BoB on 16 January 2024 – that was the earliest Mr W was able to get one. But later BoB said it needed this attested
- The compensation offered is desultory, and wants to know if interest is payable on his funds
- He hasn't been able to make alternative banking arrangements, so has continued to leave cash and cheques with BoB's branch for safe keeping. It's unlawful for BoB not to credit payments into his accounts and keep them on bank premises in case of fire or disaster
- BoB should forward Mr W interim payment whilst this service resolves his complaint
- BoB have discriminated against him as he's a British citizen and an unusual customer for it
- Cheques from the dividend provider need to be re-validated as they need to be deposited within six months of issue
- In the years 2022 and 2023, Mr W found he had to move to another part of the UK to shield from Covid as his home location was densely populated leading to a higher transmission rate. Mr W informed BoB about this as early as January 2023. BoB weren't informed about his shielding address as it was temporary, but it did come to know about this from the returned letter. So BoB should've done more to contact him
- Mr W did get a text message about the closure in December 2023 after which he returned to his home address. Mr W was shielding as he was vulnerable given his health conditions

BoB's key points:

- It never received any communication about Mr W's change of address. BoB couldn't act on the returned letter and the forwarding address applied on it as it could've been sent by anyone – so this wasn't a recognisable official notice of Mr W's change of address
- Mr W has continued to drop of cash and cheques into the branch. Mr W needs to visit the branch to collect the cheques and cash he left there whilst his accounts were inactive and were later closed. Mr W needs to complete the reclaim process to get his funds released
- Mr W did provide a postal statement on 17 January 2024, but he didn't complete the funds reclaim form. This is now outdated, so he will need to provide new proof of address dated within three months when completing the reclaims form
- BoB attempted to verify Mr W electronically, but this failed and that is why it needs the documents. It also sent Mr W a text message to contact BoB on the registered telephone number that he's still using

- The accounts had been accruing interest at the prevailing savings rate until closure on 12 January 2024. BoB doesn't have a registered email on file for Mr W as it hasn't been provided with one

Investigator key responses:

- Mr W needed to provide a posted bank statement as proof of his address to reactivate his accounts to pay credits in before his account was closed on 12 January 2024. And the branch staff assured him that if he was able to provide this posted bank statement prior to this date then they would make the credits to his accounts.

As Mr W couldn't provide BoB with appropriate proof of address prior to the closure date, it wasn't able to reactivate the accounts and pay credits into them

- When Mr W did provide postal statements, they weren't within three months. So BoB correctly deemed them as unacceptable
- BoB would need to speak to Mr W and obtain his consent to change his address on its systems, but it could have attempted other ways to get in touch with him
- Mr W feels BoB discriminated against him, but it treated him fairly given it was closing all UK accounts

As there's no agreement this complaint has been passed to me to decide.

What I've decided – and why

I'm very aware that I've summarised the events in this complaint in far less detail than the parties and I've done so using my own words. No discourtesy is intended by me in taking this approach. Instead, I've focussed on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

If there's something I've not mentioned, it isn't because I've ignored it. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome. I do stress however that I've considered everything Mr W and BoB have said before reaching my decision.

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 to uphold this complaint in part. I'll explain why.

Account closure

BoB is entitled to close an account just as a customer may close an account with it. But before BoB 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 BoB and Mr W had to comply with, say that it could close the account by giving him at least two months' notice. And in certain circumstances it can close an account immediately or with less notice.

I note BoB gave Mr W six months' notice of the closures. I'm satisfied that an extended

notice period beyond that which was in the terms and conditions was both fair and reasonable – and would allow greater flexibility and time for Mr W to make alternative banking provision.

I'd also add that BoB are entitled to exercise legitimate commercial discretion, and I think its UK wide decision to close all its accounts was. I note too that if Mr W had transferred his funds out before the closure date, BoB would've paid him £25 as a goodwill payment. I think this would've been more than reasonable.

Notice of closures

This is a key issue in the context of Mr W's complaint. BoB knew around July 2023 that Mr W's notice letter had been returned with a forwarding address attached. I'm satisfied that simply sending correspondence to this forwarding address wouldn't have been prudent given BoB didn't know who inserted the address – and it would need to verify it was talking to Mr W before updating its systems with another address. This is good security protocol.

I have seen Mr W's letter dated January 2023 in which he informs BoB that due to the pandemic he was 'temporarily displaced' from his normal address. He also sent copies of his passport and statements from 2020 and 2021. Mr W said this confirmed his address and identity – the address was his registered and pre-shielding one already with BoB. It's not entirely clear why Mr W didn't provide his temporary address to BoB. It could be because he felt he would be back soon, but I'm persuaded doing so would've been reasonable and allowed him to update BoB in line with the terms of the account.

This letter also shows that Mr W was likely aware his account had been inactive given he was attempting to provide proof of address and identity.

BoB say it sent a text to Mr W in September 2023 explaining it was closing his accounts and he needed to contact it. Mr W says he received this in December 2023 and then acted on it. BoB has sent me an internal email dated September 2023 that shows such text messages were sent around that time. The technical data I've been sent also shows it was sent in September 2023.

However I do question Why BoB waited till September 2023 when it knew the notice was returned around July 2023. I also think, given the severity of the situation, that BoB should've done more to contact Mr W as it had his telephone number. Mr W says BoB should've emailed him, but BoB didn't have an email address registered with it. It may have been helpful when Mr W advised BoB he was temporarily shielding that he provided one.

Given what I've said above I'm persuaded that both parties should've done more to prevent such a situation arising. So that I means I need to mitigate against the failings of BoB in how it communicated and then failed to take sufficient measures to notify Mr W. This is something I will weigh up later when making any award of compensation.

Inactive accounts, proof of address to activate and deposits into branch

I've read the terms of the account and am satisfied that BoB acted in line with them when rendering the accounts inactive due to no activity on them. I'm also satisfied BoB needed to verify Mr W before doing so.

BoB never agreed to extend or revoke its decision to close the accounts on 12 January 2024. Instead, based on the information I've seen, it told him to provide valid proof of address so the account could be reactivated briefly before the closure date. This would have allowed Mr W to deposit some funds into the account before closing them and

transferring his funds.

Unfortunately Mr W's statement didn't meet BoB's criteria given it was printed in branch and not one that was posted to him. I can understand why BoB needed this given its *proof of address* – so Mr W would've needed to show he lived at his registered address. BoB did attempt to verify the address electronically and I can see that this failed. BoB have sent me these records.

Mr W was only able to provide sufficient proof of address statements after the closure date – and after they had closed. I've already said BoB acted fairly in closing the accounts and there are mitigating reasons against each party for not communicating more effectively. So I don't think BoB did anything wrong in maintaining its organisational closure date.

Mr W then deposited cash and cheques into the branch. As the accounts were closed BoB couldn't deposit them, and so have held them in its branch for Mr W to take back. I think BoB has acted fairly here and I won't be directing it to deposit the funds into the accounts. Mr W should attend the branch as he's been requested to do and collect these items at his earliest convenience. As I don't think BoB has done anything wrong here, I won't be directing it to pay any compensation including interest on these funds.

Reclaiming the funds in the accounts

BoB has repeatedly explained to Mr W that he needs to complete its reclaim of funds form along with valid proof of address that needs to be certified. It is unfortunate Mr W didn't do this when he last gave the postal statement in branch.

BoB has such a procedure in place to ensure it is taking diligent steps and meeting its wider obligations by completing such a process. I'm satisfied that what has been asked of him isn't onerous. BoB hasn't paid interest on these funds since the accounts were closed and given Mr W has been afforded opportunities to reclaim his funds since then, I'm satisfied BoB doesn't need to pay him any interest beyond that point.

I think it's worth noting that even if I thought BoB were wholly responsible for not communicating the closure effectively, I don't think it would have much difference given Mr W hasn't reclaimed his funds. Mr W has also said BoB should pay him interim funds whilst this complaint is decided, but he hasn't been prevented by BoB in accessing his funds once he completes its reclaim procedure.

Discrimination

Mr W says BoB has discriminated against him due to his nationality and as he is an unusual customer of it. I'd like to assure Mr W that I've very carefully considered everything he's said about this. And I want to make clear I do not doubt how genuinely he feels about this matter and the upset BoB's actions have caused him.

While I appreciate this is Mr W's perspective, it is not my role to decide whether discrimination has taken place as a matter of law – only the courts have the power to decide this. I have, however, considered the relevant law in relation to what Mr W has said when deciding what I think is the fair and reasonable outcome.

Part of this has meant considering the provisions of The Equality Act 2010. But after doing so, I've not seen evidence to indicate Mr W was treated unfairly. BoB's decision to close his accounts was an organisational decision to exit the entire UK market.

Fair redress

As I've said above, both BoB and Mr W could've done more to ensure the notice of closure was communicated more effectively. After weighing this up, I'm satisfied £100 is fair compensation for the distress and inconvenience BoB's partial failings caused Mr W. I'd like to assure Mr W that this amount isn't desultory or arbitrary. I have followed our guidance in making such awards and this is available on our website.

My final decision

For the reasons above, I have decided to uphold this complaint in part. I now direct Bank Of Baroda (UK) Limited to pay Mr W £100 in compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 6 December 2024.

Ketan Nagla
Ombudsman