

The complaint

Mr P complains that Citibank UK Limited (Citi) closed and defaulted his account.

What happened

Mr P had a current account with an overdraft – in January 2024, the balance was £12,272 debit.

In November 2023, Citi wrote to Mr P to advise him that the bank was withdrawing from retail banking in the UK. The bank asked Mr P to repay the overdraft and close his account by 1 March 2024.

Mr P contacted Citi in January 2024 to try to negotiate a way forward. There were emails between Citi and Mr P between 17 January 2024 and 4 July 2024.

Mr P submitted an income and expenditure form to Citi on 24 January 2024.

Mr P offered to pay £70 per month. This was rejected by Citi. Citi offered a discount on Mr P's overdraft balance and said they'd accept £7,400 in full and final settlement. Mr P didn't agree to this. He offered six payments of £250 – a total of £1,500.

No agreement could be reached and Citi defaulted Mr P's account on 31 August 2024. The defaulted balance was £12,130. Mr P is still paying £50 per month.

Mr P complained. He said it wasn't fair his account had been defaulted because of Citi's decision to withdraw from retail banking in the UK. He says the default was unfair and should be removed from his credit file. He couldn't afford to pay the lump sum of £7,400, even though he had tried to raise the money from friends and family.

Mr P said he wasn't aware of the decision to close Citi's retail banking operations due to his health issues and volume of emails he received. He was in financial difficulty because of health issues – he couldn't work as much as he wanted to; and because of the increased cost of living.

In August 2024, Citi said:

- The decision to close Mr P's account was advised to him on 30 November 2023; and he was given three months' notice.
- The bank reviewed Mr P's income and expenditure form but rejected his offer to pay £70 per month. The bank said they'd noticed high sums of funds being transferred to an external account.
- Citi had offered to accept £7,400 as a lump sum repayment but Mr P said this wasn't possible.
- Mr P's balance was still £12,130 debit and his account would be defaulted in line with the bank's email dated 2 April 2024.

Mr P brought his complaint to us. Our investigator didn't uphold it and said:

- Citi's decision to close its retail banking operations in the UK was a commercial decision they could make.
- The bank gave enough notice of closure. And Mr P must have been aware of it - as he contacted the bank in January 2024.
- Mr P's income and expenditure form showed he could only afford £70 per month.
- She noted that Citi had recommended to Mr P that he contacted a debt management charity for help.
- The offer from Citi to accept £7,400 was a reasonable one in the circumstances; even though Mr P said he couldn't pay that amount.

Mr P didn't agree and asked that an ombudsman look at his complaint, and so it has come to me.

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.

Firms such as Citi can decide to no longer offer their customers banking facilities for a number of reasons, and they can do this with or without notice. In all cases, we expect businesses to close accounts in line with the terms and conditions, treat customers fairly, and to not discriminate against them.

If a business intends to close an account, they should give enough notice so the account holder can manage their money.

Mr P also says he was in financial difficulty and where this is the case, businesses have an obligation to treat customers sympathetically. The Financial Conduct Authority (FCA) says that businesses like Citi should treat customers in difficulties with forbearance and due consideration. For example, a business might suspend or waive interest, accept lower payments or defer them, and allow customers more time to repay their debt.

So, I looked at what happened here with these sets of guidance in mind.

Citi took the commercial decision to close its UK retail banking operations – that's not something I can challenge – as Citi can take that decision if it wishes.

I can then see that Citi gave Mr P three months' notice of the closure of his account. The bank wrote to him at the end of November 2023 and asked him to close his account by 1 March 2024 – so that was a reasonable period to allow Mr P to find another lender to take over his overdraft, or to borrow money from another source.

I am also mindful that an overdraft is repayable 'on demand' – i.e. without any notice needing to be given.

I can then see that from January 2024 through to July 2024, Citi tried to come to an agreement with Mr P for the repayment of his overdraft balance. This was a period of six months, so I consider Citi acted reasonably in that respect.

The income and expenditure form showed he had spare disposable income of £70 per month – which Mr P offered to Citi as a payment plan, but Citi rejected that. On balance, I think that was a commercial decision for Citi to take. I can see that Citi suggested to Mr P that he took advice from a debt management charity (such as StepChange) – but I can't see that he did so, so I can't hold Citi responsible for that.

Citi then said they'd accept £7,400 from Mr P to settle his debt – this was a discount of £4,730, or 39%. On balance, I think this was a very fair offer from the bank.

Mr P says he couldn't raise that from friends and family – and I haven't seen any evidence that he tried other lenders to borrow this money. I can see from his credit report dated January 2024 that he had several other lenders – and all payments were up to date, so it may well have been possible that he could have raised the money from other lenders. The credit report also shows he had unused limits of over £8,000 – so it may have been possible for him to use those limits to repay Citi, or approach other lenders, but it looks like he chose not to.

I reviewed the emails between Mr P and Citi which were exchanged between January 2024 to July 2024 and I consider Citi did try to come to an agreement with Mr P - as we would expect the firm to. But by July 2024, it was evident that no agreement could be reached and Citi decided the overdraft would go into default. This was clearly set out in the firm's email dated 2 April 2024 and then again on 4 July 2024.

I can also see that Citi refunded interest for March 2024 and April 2024 and charged no interest after that. So – that was in line with what we would've expected the firm to do when a customer is in financial difficulty.

Therefore, having considered Mr P's complaint, I consider:

- Citi were entitled to close its UK retail banking operations – this was a commercial decision.
- The bank gave Mr P sufficient and clear notice to repay his overdraft.
- Citi's offer to accept £7,400 in full and final settlement was a reasonable one.
- The firm stopped charging interest as we would've expected them to.
- Citi were entitled to reject Mr P's offer of paying £70 per month if it wished, and suggested Mr P ask for support from a debt advice charity such as StepChange, but he didn't.
- To repay Citi, It may have been possible for Mr P to borrow money from other lenders (or from his existing lenders) – but there is no evidence that he tried to do so.

I was sorry to hear of the difficulties Mr P has found himself in, and I accept that he feels strongly about his complaint. But in the circumstances of this case, I am satisfied that Citi acted reasonably in its dealings with Mr P, and I am not asking the firm to do anything here.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 11 March 2025.

Martin Lord
Ombudsman