

## **The complaint**

Miss G complains Bank of Scotland plc (trading as Halifax) closed her accounts without providing a proper explanation. Miss G is also unhappy with the service she received from Halifax during the closure process.

## **What happened**

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

Miss G had a current account, credit card account, mortgage account and savings accounts with Halifax.

In March 2024, Halifax reviewed Miss G's accounts. Following this Halifax decided to close Miss G's accounts (except her mortgage account) and wrote to her on 6 March 2024, giving her 65 days' notice that she'd need to make alternative banking arrangements. Miss G received the letter around 11 March 2024. During the notice period Miss G had full access to her accounts.

On 6 March 2024, Miss G visited a branch to transfer some money as she was planning to buy a property. Whilst in the branch Miss G says she was made to wait, and the teller kept mentioning that her account was being reviewed. But they didn't mention that Halifax had decided to close her accounts.

Miss G says she wasn't happy with the not being told about the intended closure of her accounts and the way staff treated her in branch. She says she felt discriminated based on her ethnicity. She explained the staff were whispering amongst themselves, were rude and tried to make her take all her money out of her account, which she didn't want to do.

Miss G says she received Halifax's letter giving her notice of their intention to close her accounts, but the letter wasn't clear which accounts were going to be closed. So, she was worried her mortgage account would be affected, which was stressful and led her to contact Halifax to find out what was happening with her accounts. Miss G also says Halifax told her she could reapply to open another credit card despite the bank deciding to close her existing credit card account, which she said made no sense. And confused her even further about why Halifax had decided to close her accounts in the first place.

After discovering her accounts were going to be closed, Miss G visited a branch to withdraw £20,000 in a cheque, and to find out if she could ask Halifax to review its decision about closing her accounts. Miss G says when she went to the branch staff didn't explain she could lodge an appeal about the decision to close her accounts. She also said she had to wait a long time in branch to be served, and by the time it was her turn the staff told her it didn't have enough time to process the closure of her accounts before the branch was due to close. So, she had to leave and make another trip to a different branch.

Miss G says when she visited the second branch the staff weren't polite and didn't offer her any privacy when discussing her accounts. So, she had to discuss her accounts in the public banking hall, which was upsetting. Miss G said the staff also had technical issues with the electronic device they needed to use so things took longer than necessary. And she said that staff kept answering other customers questions instead of concentrating on dealing with her issues, which she found rude.

Miss G complained to Halifax about the closure of her accounts and how Halifax had handled things. She also asked Halifax to provide her with a proper explanation about why it had decided to close her accounts.

In response, Halifax said it wasn't obliged to provide Miss G with the reasons it had closed her accounts. And that it had closed the accounts in line with the terms and conditions. However, it accepted that the service it had provided Miss G fell short of what Miss G could have expected. And agreed that as a result, Miss G was caused some trouble and upset. To put things right Halifax apologised and paid Miss G a total of £125 for its poor service in branch and not making Miss G aware she could appeal its decision to close her accounts.

Miss G remained unhappy and brought her complaint to our service where one of our investigators looked into what had happened. In summary the investigator said:

- Halifax has certain legal and regulatory obligations it must adhere to. To do what it needs to, it'll often carry out reviews of customer accounts. It's not and the bank doesn't have to give notice, nor is it obliged to give a reason for doing so.
- Halifax completed its review and decided it no longer wished to provide Miss G with banking facilities. A letter giving 65 days' notice of the intended closures was sent to Miss G on 6 March 2024.
- Halifax has shared, in confidence, its reasons for deciding to end its banking relationship with Miss G with our service so that we can ensure they have acted fairly. There is no obligation on the bank to share the reasons behind this decision with Miss G, nor are we able to disclose this.
- Halifax acted in line with the account terms, so they didn't do anything wrong when they decided to close Miss G's accounts.
- The letter Miss G received informing her that her accounts would be closed could have been clearer as to which of your accounts would be affected. This meant Miss G had to call Halifax to establish this, and more importantly whether this would impact her mortgage account.
- Miss G contacted Halifax on 11 March 2024, having received the bank's letter that day and the adviser she spoke with explained the internal notes stated "all accounts would be closed" but explained to Miss G that mortgages were different and only savings, current and credit card accounts would be affected. The adviser Miss G spoke with also advised that she could appeal against the decision by going into branch.
- The branch records show that Miss G called again in relation to her mortgage on 15 March 2024 and the adviser explained again that Miss G's mortgage wouldn't be impacted by the bank's decision to close her accounts, and a letter was sent to Miss G to confirm this. A further letter was sent to Miss G on 22 March 2024.
- When Miss G attended a branch on 6 March 2024, staff should have informed her of the bank's decision to close her accounts when she went in to arrange a withdrawal regarding a property purchase. Halifax has paid Miss G £25 compensation to recognise the poor service which was fair.
- Halifax also paid Miss G a total of £100 in recognition for the poor serviced Miss G received when visiting branches and when speaking to staff on the phone about the cheques for her closing balances. The investigator said this was fair.

- In relation to Miss G's credit card, the investigator agreed that on the one hand telling Miss G that her credit card would be closed and then on the other saying she could apply for another didn't make sense. The investigator said it is likely the adviser made a mistake, but this didn't cause any detriment.
- Overall, the investigator said that Halifax had done enough to put things right. So didn't recommend the bank needed to do anything more to resolve Miss G's complaint.

Miss G disagreed. She wants to know why Halifax closed her accounts. She also said that the compensation paid by the bank doesn't adequately reflect the amount of trouble and upset she suffered.

As no agreement could be reached the matter has come 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.

I would add too that our rules allow us to receive evidence in confidence. We may treat evidence from financial businesses as confidential for a number of reasons – for example, if it contains information about other customers, security information or commercially sensitive information. It's then for me to decide whether it's fair to rely on evidence that only one party has seen. It's not a one-sided rule; either party to a complaint can submit evidence in confidence if they wish to, and we'll then decide if it's fair to rely on it. Here, the information is sensitive and on balance I don't believe it should be disclosed. But it's also clearly material to the issue of whether Halifax has treated Miss G fairly. So, I'm persuaded I should take it into account when deciding the outcome of the complaint.

I'm very aware that I've summarized 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 focused 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. But I have read all Miss G's submissions.

I'll deal first with the closure of Miss G's accounts. As the investigator has already explained to Miss G, Halifax has important legal and regulatory responsibilities to meet when providing accounts to customers. Those obligations are ongoing and don't only apply when an account is opened. They can broadly be summarized as a responsibility to know its customer, monitor accounts, verify the source and purpose of funds, as well as detect and prevent other financial harm.

Halifax will review accounts to comply with these responsibilities. It's common practice for banks and other financial service providers to conduct a review - doing so helps prevent potential financial loss or other harm that could result. The terms and conditions of Miss G's accounts also make provision for Halifax to carry out reviews.

Sometimes following a review, a bank will decide to close an account. And that's what happened here. Halifax is entitled to close an account with Miss G just as she is entitled to close her account with the bank. It's generally for banks and financial businesses to decide whether or not they want to provide, or to continue to provide, banking facilities to any particular customer. Unless there's a very good reason to do so, this service won't usually

say that a bank must keep a customer or require it to compensate a customer who has had their account closed.

As long as they reach their decisions fairly, it doesn't breach law or regulations and is in keeping with the terms and conditions of the account, then this service won't usually intervene. I've looked at the terms and conditions and they state that Halifax could close Miss G's accounts by giving at least two months' notice. And in certain circumstances it could close the account immediately. In this case Halifax closed Miss G's accounts with the full notice period. So, I'm satisfied Halifax has complied with this part.

I've then gone on to consider whether the bank's reasons for closing the accounts was fair. In doing so, I appreciate that Halifax is entitled to set their own policies and part of that will form their risk criteria. It is not in my remit to say what policies or risk appetite Halifax should have in place. This can be due to a number of reasons and a bank isn't obliged to give a reason to the customer. Halifax has provided some further details of its decision-making process, I'm sorry but I can't share this information with Miss G due to its commercial sensitivity. But I've seen nothing to suggest the bank's decision around closing Miss G's accounts was unfair. So, it wouldn't be appropriate for me to award Miss G any compensation since I don't find Halifax acted inappropriately when it decided to review and close Miss G's accounts.

I understand of course why Miss G wants to know the exact reasons behind Halifax's decision to close her accounts, other than what she's been previously told. And I can see that Miss G has asked Halifax to explain itself on several occasions. But Halifax doesn't disclose to its customers what triggers a review of their accounts. And it's under no obligation to tell Miss G the reasons behind the account review and closure of her accounts, as much as she'd like to know. So, I can't say it's done anything wrong by not giving Miss G this information. And it wouldn't be appropriate for me to require it to do so.

Miss G has said that she believes that she is a victim of discrimination by Halifax. She says she suspects Halifax closed her accounts because of her ethnicity.

While I can appreciate this is her perspective, it is not my role to decide whether discrimination has taken place – only the courts have the power to decide this. I have, however, considered the relevant law in relation to what Miss G 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 (The Act). I have to consider if other customers in similar situations would have been treated the same way. Having looked at all the evidence, I haven't seen anything to show that Halifax would have treated another customer with similar circumstances any differently than Miss G. After looking at all the evidence, I've not seen anything to suggest Halifax treated Miss G unfairly when it decided to review and close her accounts.

Miss G has said that whilst she accepts Halifax can close her accounts, but she's not happy with how Halifax went about things. Halifax has accepted that the service it provided Miss G during its closure process fell short and wasn't of a standard Miss G could have reasonably expected to receive from the bank when she spoke to them on the phone and visited branches. To put things right Halifax has paid Miss G £125 compensation to recognise the trouble and upset its poor service caused her. Miss G says this isn't enough. She's said she has been very upset by the bank's actions and did a lot of running about to try and sort things out. And spent a lot of time trying to find out what was happening.

I've thought very carefully about all the issues Miss G has raised regarding the actions of Halifax and their alleged impact on her. This includes the discussion she had over the phone with the investigator in early February 2024 – a recording of which I've listened to. In line

with this service being quick and informal, I've focussed on the key issues that I believe go to the heart of the complaint.

It should also be borne in mind that this service's aim is to ensure businesses compensate consumers where things have gone wrong. This can involve consideration of a business' policies and procedures. But we're not the industry regulator – that's the FCA – and so it's not for us to punish or fine a business or require a business to change how it operates going forward.

It's clear that Miss G's is unhappy with the overall level of service she's been provided with by Halifax. And with some justification, in my view. Setting aside Halifax' decision to close Miss G's accounts, I believe Halifax could have handled things much better. I say this because based on the evidence I've seen, Halifax didn't make Miss G aware her accounts were going to be closed and she could appeal the decision when she went into branch on 6 March 2024, - I think the bank missed an opportunity and Miss G was left in the dark unnecessarily and made to feel uncomfortable by the staff's behaviour. Miss G was also kept waiting in branch, and she had to make several calls to Halifax to clarify which accounts were going to be closed and to arrange to receive her closing balances. This, no doubt, would have caused her some uncertainty and frustration. Especially as Miss G was worried that her mortgage accounts might be closed.

I understand that these issues have proved frustrating and disappointing for Miss G to have encountered. I'm pleased to see that Halifax eventually recognised the impact of the service it provided had on Miss G. It apologised and paid Miss G £125 by way of compensation.

I recognise that Halifax should have done better in the first place. But, the fact is, things went wrong, and that impacted on Miss G through no fault of her own. This is not the level of service Miss G would reasonably have expected to receive.

It's rarely straightforward to decide what represents an appropriate level of compensation for non-financial loss given its inherently subjective nature. Miss G, and no-one else, experienced these particular problems. I assure her I'm mindful of that. This said, I've taken account of this service's general approach to compensation for distress and inconvenience as set out on our website. I've thought about this approach in light of the errors Halifax made and the impact on Miss G.

Overall, I'm persuaded that Halifax caused Miss G loss to the extent that it was fair to have offered her some compensation for distress and inconvenience. I've reflected on what Miss G has said about how Halifax's actions impacted her. Having done so, I think an offer of £125 in total is fair taking all the circumstances into account, including the mistakes Halifax made and their impact on Miss G. So, I won't be asking Halifax to do anything more to resolve Miss G's complaint.

### **My final decision**

For the reasons I've explained, my final decision is that Bank of Scotland plc (trading as Halifax) don't need to do anything further to resolve this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss G to accept or reject my decision before 3 June 2025.

Sharon Kerrison

**Ombudsman**