

The complaint

Mr P and Mrs P complain Bank of Scotland plc trading as Halifax treated them unfairly when it closed their accounts without clear notice and a proper explanation.

What happened

Mr P and Mrs P held joint accounts with Halifax. I will mainly refer to Mr P in the complaint as he is leading the complaint. This decision covers the joint accounts held by Mr and Mrs P only.

On 10 November 2023 Mr P was issued with a notice to close letter. Halifax says this letter applied to all of Mr P's accounts. The balance on the accounts were issued to Mr P via cheque on 20 January 2024.

Mr P raised a formal complaint with Halifax on 22 January 2024. Mr P explained his unhappiness with the closure of his accounts and said this had not been communicated clearly to him – especially the exact accounts which would be affected. In order to put things right Mr P asked Halifax to compensate him for its failure to specify which accounts would be closed and a written explanation about the closures.

Halifax issued its final response letter on 24 January 2024. It explained that 65 days had been provided to Mr P and it had acted in line with the account terms and conditions. Halifax also explained it wasn't obliged to provide Mr P with specific reasons for its decision to close the accounts.

Unhappy with Halifax's review Mr P referred the complaint to this service. An Investigator reviewed Mr P's complaint and made the following findings:

- Halifax provided 65 days' notice for closure, which is permitted under the terms & conditions of the accounts.
- Halifax's letter dated 10 November 2023 referred to one unnamed account and didn't specify which accounts would be closed.
- Mr P experienced inconvenience as he set up new direct debits from an account, he thought would remain open.
- Halifax should pay Mr P and Mrs P £250 in recognition of the poor communication provided and the impact this had on Mr P and Mrs P.

Halifax agreed with the recommendations made, but Mr P didn't accept them. Mr P said the view failed to recognise the immense stress that Halifax had caused, and the ongoing issues Mr and Mrs P were dealing with after its decision to end its banking relationship.

As no agreement could be reached, the complaint was referred to an ombudsman for a final decision.

I issued my provisional decision on 25 February 2025, and both parties had until 11 March 2025 to respond. Now the deadline has passed, I will issue my final decision.

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've included my provisional decision below.

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Firstly, I'm aware that I've only summarised Mr P's complaint points. No discourtesy is intended by this. Our rules allow me to take this approach. It simply reflects the informal nature of our service as a free alternative to the courts. I can assure Mr P that I have carefully considered his detailed submissions.

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 P and Mrs P's accounts. 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. In Mr and Mrs P's case I can see they were provided with the full notice period of 65 days. This provided Mr P and Mrs P with an opportunity to make alternative banking arrangements.

I know Mr P feels Halifax has acted unfairly given the lack of information provided to them about the closure. Ultimately Mr P 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 P says Halifax's decision to close the accounts caused significant distress and inconvenience. I do appreciate this matter would've caused Mr P and Mrs P difficulty as they appear to have had several accounts with Halifax, many of which had been in place for many years. I also understand the lack of information would've been particularly frustrating. However, given the nature of Halifax's review and closure I think it acted appropriately in the circumstances.

I can see the Investigator found Halifax's communication with Mr P and Mrs P could've been clearer. I agree that the communication from Halifax could've been better and specified the exact accounts that would be impacted. But as part of this service's review of Mr P and Mrs P's complaint further information has been gathered to ascertain the reasons for closure. Based on the information I've seen I don't find awarding Mr P and Mrs P compensation would be fair or appropriate.

So, I'm not requiring Halifax to compensate Mr P and Mrs P for any inconvenience that they may have experienced as a result of Halifax ending its banking relationship with Mr P and Mrs P, and the further dissatisfaction they experienced with the service they received. I know this will not be the outcome Mr P and Mrs P were hoping for, but I am satisfied Halifax reasonably in taking action to discharge its regulatory obligations.

I know Mr P and Mrs P will be disappointed with the decision I've reached, but I hope it provides some clarity around why I am not currently minded to award compensation to Mr P and Mrs P.

Responses to my provisional decision

Halifax didn't respond to my provisional findings.

Mr P responded explaining he disagreed with my provisional findings.

As no substantive points were raised by either party my provisional decision remains the same.

I know this will not be the outcome Mr P and Mrs P were hoping for and they will be disappointed with the decision I've reached. I understand I haven't been able to go into significant detail, given information has been provided by Halifax in confidence, 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 Ms P and Mr P to accept or reject my decision before 9 April 2025.

Chandni Green
Ombudsman