

The complaint

Mr S complains that his bank account was shut without being given a reason by Royal Bank of Scotland Plc. He also complains that this closure will affect his ability to obtain credit in the future.

From what Mr S has said in his correspondence with us regarding his complaint, I can see that he has only mentioned his bank account. The final response letter (FRL) RBS issued in response to his complaint also mentions the closure of a credit card account – however to be clear, because Mr S hasn't mentioned that to our service, I haven't considered the closure of that account in this decision. The below strictly relates to the current account he held with RBS.

What happened

Mr S held a current account with RBS. Following an internal review, RBS wrote to Mr S on 2 May 2024 explaining that it had decided to cease its banking relationship with him and that he would need to make alternative banking arrangements by 31 July 2024. Mr S had full access to, and use of, his account within this time.

Mr S has said he discussed the matter with his accountant and asked for them to review his account and give their opinion as to whether he had done anything that warranted this action by RBS. Mr S says his accountant explained RBS should not be shutting his account as everything was transparent.

Following this Mr S contacted RBS to raise his concerns. RBS responded to Mr S with its FRL dated 6 November 2024 explaining it was unable to uphold his complaint and had reached its decision to close his account following careful consideration and had acted in accordance with its terms and conditions.

Mr S remained unhappy so referred his complaint to our service. One of our Investigator's looked into it, and they recommended it wasn't upheld. In summary, they said RBS was generally able to decide whether they want to provide, or continue to provide, banking services to any given customer; that RBS had given Mr S at least 60 days' notice of the account closure which was in line with the terms and conditions of the account and that RBS wasn't obligated to provide Mr S with a specific reason as to why his account was shut. They went on to say that they hadn't seen any evidence the closure would affect Mr S's credit score.

Mr S didn't agree. He said:

- RBS never informed him, at the time of the account opening, that they had the right to withdraw his account if and when they wanted to.
- RBS have an obligation to be transparent with its customers and not rely on small print.
- As a valued customer, RBS do owe him an explanation as to why his account was shut as his account has always been exemplary.

- He is confounded by the overwhelming feeling of not being able to understand what went on.
- The availability of obtaining credit in the future will be affected because if he is to open any new account in the future, he very likely to be asked whether he has had any refusal or withdrawal of any banking services in the past.
- He's recently applied for a new credit card and this has been declined – which he thinks is due to this decision by RBS.
- The Investigator did not take into consideration the repercussions RBS's actions will have on his prospective investment on the property ladder for a mortgage with any other bank.

He asked for a final decision, so his complaint has now been passed to me for a 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.

Having done so, I have decided not to uphold this complaint. I'll explain why.

RBS has strict legal and regulatory requirements it must meet whilst it provides accounts for its customers. They can broadly be summarised as a responsibility to protect persons from financial harm, and to prevent and detect financial crime. RBS also has a duty to monitor its customers' accounts, and this sometimes means it may carry out a review, the result of which might mean an account is closed.

I understand that Mr S's accountant is of the opinion that his bank account was being used transparently, but RBS is entitled to close an account just as a customer may close an account with it. But before RBS 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 RBS and Mr S had to comply with, say that it could close the account by giving him at least 60 days notice. And in certain circumstances it can close an account immediately.

Here, RBS gave Mr S closer to 90 days notice that it would be closing his account. Mr S had full access to the account during this notice period. So, I'm satisfied RBS have followed its terms and conditions fairly.

Mr S has said he was never informed by RBS when he opened the account that it could close his account at its discretion. RBS set out what it can and can't do with regards to the closure of accounts in its terms and conditions and I've not seen any evidence to suggest Mr S wasn't provided with a copy of these. Further, the term that RBS have relied on here to close the account is not an unusual one and so I wouldn't have expected it to draw Mr S's express attention to the term. I don't find that the term is dissimilar to many other retail bank accounts terms and conditions and so I don't find it was unfair for RBS to rely on such a term to close Mr S's account.

I know Mr S would like a detailed explanation for why his account was shut due to having what he classes as exemplary account history and being a valued customer. But RBS is under no obligation to do so. I'm sorry to hear this has made Mr S feel overwhelmed but as I've explained, RBS isn't doing anything wrong in not providing a reason for the account closure.

I would add too that our rules allow us to receive evidence in confidence. We may treat evidence from banks as confidential for a number of reasons – for example, if it contains security information, or commercially sensitive information. Some of the information RBS has provided is information I consider should be kept confidential. A description of that information is that relates to account activity and is of a nature which justifies RBS's decision to close Mr S's account.

Mr S has made some comments surrounding the impact this closure has already had on his unsuccessful application for a new credit card and potential future impact it will have on his credit availability, and his prospective investments on the property ladder. I can't predict whether the closure of Mr S's account by RBS will have an impact in the way that Mr S suggests but because I find that RBS acted fairly when it shut the account it wouldn't then be appropriate for me to award redress for any potential losses Mr S thinks he has, or will, incur.

My final decision

For the reasons above, I have decided not to uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 4 August 2025.

Mark Louth
Ombudsman