

The complaint

Miss N complains Bank of Scotland plc trading as Halifax unfairly closed her account and demanded repayment of the overdraft.

What happened

Miss N held a Halifax student current account.

On 23 October 2023 Halifax made the decision to close Miss N's account. This was due to another part of the business linked to Halifax making the decision to end its banking relationship with Miss N.

Miss N contacted Halifax on 5 June 2024 to raise a formal complaint about the handling of her account. Miss N said she never received the notification her account would close. Miss N she also didn't receive any communication regarding the overdraft on her account and the need for it to be repaid. Miss N said she spent a significant amount of time trying to resolve her account issues and obtain information from Halifax Miss N said she had to attend two different branches, and the repayment of the overdraft was causing her distress.

Halifax reviewed Miss N's concerns and in its final response letter dated 18 June 2024. In this response Halifax found:

- It should've provided better service to Miss N when she attended branch and contacted it regarding her account. It has paid Miss N £40 via cheque in recognition of its shortcomings.
- It can't disclose the specific reasons Miss N's account is closing.
- Halifax provided notice to Miss N of the impending closure.
- Halifax confirmed it had written to Miss N numerous times regarding her outstanding overdraft.
- As Miss N hadn't been in touch the account closed with an outstanding overdraft. Miss N was encouraged to contact its Customer Financial Assistance team so the best way forward could be determined.

Miss N remained unhappy and referred her complaint to this service. An Investigator looked into Miss N's complaint and gathered the relevant evidence. The Investigator didn't think the complaint should be upheld. The Investigator explained this was because:

- Halifax is entitled to decide who it offers banking services to. As Halifax is part of a larger banking group, the decision made by a different arm of the group meant Halifax was also required to end its relationship with Miss N. This decision was fair in the circumstances.
- Halifax issued a notice to close letter and although Miss N's account was restricted, she was provided with 60 days notice to make alternative arrangements.
- Halifax had sent letters to Miss N regarding the outstanding overdraft and the steps she needed to take.
- The overdraft is repayable on demand, so it was fair for Halifax to ask for its

repayment when the account closed.

Miss N remained unhappy and reiterated her concerns about Halifax's actions. As no agreement could be reached, the case has been referred to me – an ombudsman – for a 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.

Firstly, I am sorry to see Miss N has had cause for complaint. I can see this has been a particularly challenging time for her and I am grateful for her openness with our service in relation to her personal circumstances. Having looked at the complaint fully, my review of the evidence has led me to the same overall conclusions as the Investigator previously set out and for much the same reasons. I will explain why.

Account closure

I'll start by setting out some context for the review of Miss N's account. UK legislation places extensive obligations on regulated financial businesses. Financial institutions must establish the purpose and intended nature of transactions as well as the origin of funds, and there may be penalties if they don't. This applies to both new and existing relationships. These obligations override all other obligations. In Miss N's case Halifax made the decision to close her account following a review conducted by a different arm of its business. When a business decides to end its banking relationship with a customer, it is common practice for it to close accounts with the same customer even if they are held with different parts of the business. I therefore find Halifax's decision to close Miss N's account to be reasonable.

The terms and conditions of Miss N's account set out that the bank can close the account by providing 60 days' notice. In certain circumstances, it can also close the account immediately. In this case Halifax blocked Miss N's account, so I consider this to be akin to an immediate closure. For Halifax to act fairly here they needed to meet the criteria to apply their terms for immediate closure – and having looked at these terms and all the evidence that the bank has provided, I'm satisfied that Halifax did.

I can see the closure of the account has caused Miss N distress, and she has explained the impact Halifax's decision has had on her. I appreciate her visits to branch were stressful and lengthy and she has been paid £40 to recognise the impact on her. Unfortunately, an account closure will inevitably cause a level of inconvenience, and the account holder will have to spend time making alternative arrangements. Miss N has asked for greater compensation to recognise the impact the closure had on her. But this isn't something I can fairly ask Halifax to compensate Miss N for, as its decision was made in line with its account terms. I am also mindful of the fact Miss N only noted the account was restricted and closed sometime after the notice to close letter was issued. Miss N says she never received it, but Halifax's notes show it was sent, and Miss N would've had notification on her online banking app. More importantly it didn't seem Miss N tried to use the account again during this time, which suggests she had other accounts which she could rely on, therefore reducing the impact of Halifax's actions on her.

Outstanding overdraft

At the time Miss N's account was closed it was in its overdraft. An overdraft facility is a discretionary credit facility, and it is generally repayable on demand. Halifax says that once the decision was made to close the account it wrote to Miss N on 16 January 2024, 27

January 2024 and 6 March 2024 explaining the steps Miss N needed to take to clear her overdraft and to get in touch if she needed assistance.

Miss N says she didn't receive these letters. Halifax has provided system notes to show these were issued to her registered address. Based on the evidence I've seen I'm satisfied Halifax took appropriate steps to inform Miss N of the status of her account and overdraft and the need for action on her part. I understand the impact the outstanding debt may have on Miss N, but this is a legitimate debt that Halifax is able to pursue. I would encourage Miss N to liaise with Halifax or any associated debt collection agency to establish a clear way forward.

When considering Miss N's complaint, I have also been mindful of her personal circumstances as I appreciate, she was experiencing a challenging time with her relationship. I sympathise with Miss N, and I understand her discovery that her account was closed, and she had a significant debt to repay would've added to what was already a stressful time. However, after carefully considering Halifax's obligations and reasons for closing the account, I can't say that it has acted unfairly towards Miss N.

I know this will not be the outcome Miss N was hoping for, and she will be disappointed with the decision I've reached. 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 Miss N to accept or reject my decision before 15 August 2025.

Chandni Green
Ombudsman