

The complaint

Ms O complains Bank of Scotland plc, trading as Halifax, ("BoS") closed her accounts without explanation.

Ms O says BoS' actions have caused her significant distress and inconvenience.

What happened

The details of this complaint are well known by both parties, so I won't repeat them again here in detail. Instead, I'll focus on setting out some of the key facts and on giving my reasons for my decision.

Ms O should note that this decision only deals with her current accounts closed by BoS. She has been informed by our Investigator that any other products across the banking group of which BoS is a part need to be dealt with separately.

In February 2025, BoS notified Ms O it was closing her account with sixty days' notice. BoS restricted some of Ms O's banking services and she was only able to withdraw and access funds in branch. Ms O says BoS' decision caused her substantive distress and inconvenience particularly as she was abroad at the time.

Unhappy, Ms O complained. BoS didn't uphold Ms O's complaint. In summary, BoS said it had acted in line with the terms and conditions when deciding to close the accounts in the way it did. And it doesn't need to give Ms O an explanation. Ms O couldn't use the SWITCH services due to the account closure process with BoS, and a cheque for the closing balance of £60 was sent to her.

Ms O referred her complaint to this service. One of our Investigator's looked into Ms O's complaint, and they recommended it was upheld in part. In short, the key points they made were:

- BoS has provided insufficient information for why it closed Ms O's accounts in the way it did
- Whilst Ms O was provided with two months' notice, she didn't have full access to her accounts, but she held accounts elsewhere
- The statements show minimal funds in the account which Ms O accessed in April 2025 when the accounts closed. Because of this £100 compensation for the distress and inconvenience caused for having to find another provider is fair

BoS agreed with what our Investigator said. Ms O didn't agree but didn't provide any further arguments nor evidence. As there was no agreement, this complaint has been passed to me to decide.

What I've decided – and why

I'm very aware that I've summarised 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 focussed 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. I do stress however that I've considered everything Ms O and BoS have said before reaching my decision.

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 to uphold this complaint in part. Before I explain why, I'd like to assure Ms O that in considering what is fair and reasonable in all the circumstances of the case, I've taken into account all relevant law and regulations; regulators' rules, guidance and standards; codes of practice; and where appropriate what I consider to have been good industry practice at the relevant time.

Banks in the UK, like BoS, are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. They are also required to carry out ongoing monitoring of an existing business relationship. That sometimes means banks need to restrict, or in some cases go as far as closing, customers' accounts.

BoS has explained why it reviewed Ms O's accounts and provided some supporting evidence. I'm satisfied BoS did so in line with its obligations.

BoS is entitled to close an account just as a customer may close an account with BoS. But before BoS 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 BoS and Ms O had to comply with, say that it could close the account by giving her at least two months' notice. And in certain circumstances it can close an account immediately or with less notice.

BoS effectively closed Ms O's accounts with immediate effect given some of her services, mainly online banking, were restricted. BoS has explained and provided supporting evidence as to why it acted in this way. Having carefully considered this, I'm persuaded that BoS doesn't have the strength of evidence or rational to have closed Ms O's accounts with immediate effect. Having said that, had BoS given Ms O two months' notice with full access to her banking services, BoS would have acted in line with its terms and conditions – and done so fairly.

This means Ms O would have been able to move her regular payments over with greater ease and used the accounts if needed whilst abroad. Having said that, I think any award of compensation here is heavily mitigated against given the low value of funds in Ms O's account and that she had some access to her funds through the branch. Taking this into account, I'm satisfied £100 compensation for the distress and inconvenience caused is fair.

Ms O later said BoS' motivation for closing her account was based on a threat from a branch member of staff. I haven't seen any compelling evidence of this. I can understand why Ms O wants a detailed explanation. But BoS is under no obligation to do so. 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 BoS has provided is information I consider should be kept confidential.

My final decision

For the reasons above, I have decided to uphold this complaint in part. I now direct Bank of Scotland plc, trading as Halifax, to pay Ms O £100 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms O to accept or reject my decision before 5 January 2026.

Ketan Nagla
Ombudsman