

complaint

Mr S complains that Bank of Scotland Plc (trading as Halifax) unfairly stopped and closed his accounts without notice or proper explanation, causing him financial loss and significant inconvenience.

background

Mr S maintained accounts with Halifax. Halifax decided to close Mr S's current accounts, which Mr S says he did not know about until his employer told him they had been unable to credit his pay. Halifax also froze Mr S's savings accounts with it, and these were closed at a later date.

Mr S says that when he enquired at the Halifax branch, he was given no proper reason for the closure and was spoken to in a way that suggests the closure was racially motivated. Mr S says that all this meant that he incurred a charge when a monthly payment could not be made, lost a weekend of work and incurred a substantial fine in respect of a private loan which he had been unable to repay on time.

Mr S also says that Halifax was unreasonable in the way it dealt with him concerning his debt to it, insisting that it be repaid in full rather than considering his payment proposals.

As the matter could not be resolved with Halifax, Mr S brought his complaint to this service where it was investigated by an adjudicator. The adjudicator was satisfied that Halifax had sent Mr S reasonable notice of closure, and was not persuaded that the financial loss cited by Mr S was such that Halifax must pay compensation for it in the amounts requested by Mr S.

However, the adjudicator did not consider that Halifax had taken proper account of its responsibilities to Mr S when it required his debt to be repaid in full, rather than by instalments as Mr S had requested. Following the adjudicator's involvement, Halifax agreed to the suggested settlement of:

- paying Mr S its original offer of £45 and £35, to address the charge for the returned payment and in respect of service failure;
- paying Mr S a further £250;
- allowing Mr S to repay his debt by means of monthly instalments, at the figure he had suggested; and
- once those payment arrangements were set up, to substitute existing adverse credit data about the debt with information to reflect that the debt is the subject of an agreed repayment arrangement.

Mr S did not feel that went far enough. He said he still believed the matter to be racially motivated, wanted a clear explanation of why Halifax had decided to close his accounts and also wanted more compensation.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

As the adjudicator has explained to Mr S, Halifax was entitled (under the terms and conditions of the accounts) to give Mr S notice that it was closing his accounts. I am satisfied, from the evidence, that it did so.

Whilst I appreciate that Mr S would like a specific explanation of why Halifax decided to close his accounts, that is not something which Halifax is ordinarily required to provide. I have, however, considered Mr S's suggestion that the notice of closure may have been racially motivated.

We have obtained statements from the branch staff who dealt with Mr S's visit, and I am not persuaded either that the closure was racially motivated or that they said anything to Mr S to suggest that it was. Overall, I am satisfied from the evidence that Halifax's decision that it no longer wished to hold Mr S's accounts was not prompted by any unfair or unlawful motive.

That said, I consider that Halifax did not deal properly with Mr S in relation to repayment of his debt. The correspondence from Halifax appears to suggest that its responsibility to deal fairly and consider Mr S's repayment proposals ended with the closure of his accounts with it. That is not the case, and I accept that this approach caused Mr S unnecessary difficulty and upset. I am pleased to note that Halifax has since agreed to Mr S's payment proposals, and note that the adjudicator has provided Mr S with all the information he needs to start repayments.

Overall, I find that the settlement suggested by the adjudicator is a fair and reasonable one in this case.

my final decision

My final decision is that I uphold this complaint in part. I direct Bank of Scotland Plc (trading as Halifax) to:

- pay Mr S its original offer of £45 and £35;
- pay Mr S a further £250;
- allow Mr S to repay his debt by means of monthly instalments, at the original figure he had suggested; and
- once those payments are established, substitute existing adverse credit data about the debt with information to reflect that the debt is the subject of a repayment agreement.

Jane Hingston
ombudsman