

complaint

Mr M complains that State Bank of India closed his account, without notice, and won't explain why. He's asked for a better explanation of the bank's actions and compensation.

background

Mr M applied for a savings account, in branch, on 15 November 2016 and received confirmation of the account being opened the next day. The account was opened with a deposit of £10. No further activity occurred on the account before the bank decided to close the account with immediate effect.

The bank wrote to Mr M, to advise him of the account's closure and enclosed a cheque for £10. It said that, after the account's opening, it carried out further due diligence and, as a result, it decided Mr M didn't meet the necessary criteria for the account to be opened.

Our adjudicator explained that there are times when a bank is entitled to close an account without giving notice. This can be for a range of reasons – suspecting the account holder might be using the account for something illegal, abusive treatment of staff or where information comes to light which, if the bank had known about it earlier, the account wouldn't have been opened in the first place.

He said Mr M fell into the last category – although the bank wasn't required to be any more specific - and although Mr M had said he'd checked the various credit reference agencies and not found anything which meant he wouldn't qualify for accounts with the bank, State Bank of India, like all banks, uses many sources of information to verify an application.

In Mr M's case, the bank found information which meant it was unwilling to do business with him. But it wasn't responsible for the accuracy of that information – which was recorded by a third party – and if Mr M found the information State Bank of India has used was incorrect, it'd be up to the recording body to investigate and correct any errors; or Mr M might be able to pursue a complaint against the organisation that recorded the information.

While appreciating it's a concern to be told the bank is unwilling to operate an account, broadly, banks are entitled to choose who they want to do business with and on what terms. Against that background, and given the information which came to light, the adjudicator didn't think State Bank of India had acted inappropriately and didn't need to do more than pay the £25 it offered, as a gesture of goodwill, for any inconvenience suffered by Mr M.

The adjudicator advised Mr M of the organisations that he might want to contact to find out if adverse information is held. But he said State Bank of India wasn't obliged to tell Mr M what external agencies it had contacted although the adjudicator was satisfied that CIFAS had an entry that the bank was entitled to take into account in deciding not to allow the account to stay open.

In ongoing dealings, the adjudicator also said the bank was always able to close the account with provision of a 30 day notice period. And that would be in line with certain regulatory guidelines. But, while not accepting that State Bank of India had done anything wrong, even if it was to be said that it had by not giving that level of notice, that wouldn't certainly lead to compensation being payable.

He said he couldn't fairly and reasonably say the bank should pay compensation as the account only had £10 in it, this sum was returned to Mr M, this account wasn't Mr M's main

account, and all of this means that the account's closure, however it came about, led to little material impact on Mr M.

Ultimately, Mr M said that he'd settle his complaint if State Bank of India increased its offer by £75. But the bank declined to do so and the adjudicator didn't think it needed to. So Mr M has asked that his complaint be reviewed by an ombudsman.

Mr M maintains that no adverse records are registered against him that would affect an application for a bank account; he's not been involved in money laundering or illegal activities; appropriate identification and proof of residence was given to the bank; and he didn't receive notice of the account being closed.

my findings

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've come to the same findings and conclusions as the adjudicator. Indeed, I have little to add to what the adjudicator has already said.

In short, State Bank of India did accept Mr M's application and agree to open the account. But it then became aware of a relevant adverse marker, recorded with CIFAS, by another organisation. And so, in all the circumstances, I can't fairly and reasonably say State Bank of India acted wrongly in then deciding to not to allow the account to continue.

I understand why Mr M will be frustrated not to have received from the bank a detailed explanation for not continuing to offer the account, but I can't fairly and reasonably say it's acted wrongly in that regard. The information wasn't recorded by State bank of India and it wasn't obliged to tell Mr M what that information was.

But, as the adjudicator has said, Mr M can now go about testing the external adverse marker that exists. And it might be that Mr M will want to pursue concerns about the recording of that marker and the impact of it – although, again, I'm not implying that there's anything wrong with the marker that's been placed. Of course, I note that Mr M isn't persuaded that the marker exists but I'm satisfied it was there when the bank closed this account.

To be clear, whatever the outcome of Mr M's enquiries about the marker, that can't be relevant to this complaint about State Bank of India.

For completeness, it might be helpful if I also comment on the bank's obligations around account closures. A bank is entitled to close an account its customer holds with it; just the same as that customer is entitled to decide to close an account themselves. And the business isn't required to provide a reason for doing so, any more than the customer is.

A business isn't required to continue to provide an account simply because a person is already a customer and wants to remain so. And while a business is expected to adopt a set of procedures for closing accounts – including where it does so with immediate effect - and this should take into account, for instance, regulations and guidance, as well as what's said in the account's terms and conditions, the bank has such procedures in place.

And, for the reasons explained, even taking into account the impact on Mr M, I can't say the bank has failed to follow its own procedures, failed to comply with relevant terms and

conditions, or – simply – acted inappropriately. State Bank of India was entitled to close the account and it wasn't obligated to do any more than it did.

Finally, for the specific reasons explained by the adjudicator, and which I've quoted and therefore won't repeat here, I'm not persuaded, in any event, that the closure of the account has caused Mr M any compensable loss, either financially or non-financially.

In light of what I've said, I make no award against State Bank of India; nor do I require it to take any other 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 Mr M to accept or reject my decision before 27 March 2017.

Ray Neighbour
ombudsman