

The complaint

Mr R complains that Coutts & Company:

- closed his accounts without having or providing him with a valid reason for doing so;
- led him to believe that it would not end the banking relationship after all; and
- failed to respond in a timely manner to a data subject access request (or DSAR).

What happened

Mr R and companies controlled by him had a number of accounts with Coutts. This complaint concerns only his personal relationship with the bank.

In March 2022 Coutts contacted Mr R to say that it was ending its banking relationship with him. It gave him 60 days' notice of the closure of his accounts.

Mr R indicated his dissatisfaction with Coutts' decision, and the bank agreed to review matters. That review did not however cause Coutts to change its decision, and it confirmed in a letter of 20 May 2022 that the relationship would end 60 days from that date. It declined to give reasons for its decision, saying it was under no obligation to do so.

Mr R wanted to know his accounts had been closed, and in July 2023 he submitted a DSAR to Coutts. The bank did not however respond to that request until October 2023, well outside the usual time limit of one month. It said that the request had been complex and that it had received an unusually high number of requests at around the same time.

When Mr R referred the matter to this service, one of our investigators considered what had happened. He issued a preliminary assessment, in which he said, in summary:

- Coutts had been within its rights to end the relationship on 60 days' notice;
- he was satisfied it had legitimate reasons for doing so;
- Coutts had given the impression that it might change its decision, and that had been misleading; and
- there had been an unnecessary delay in dealing with the DSAR.

The investigator recommended that Coutts pay Mr R £200 in respect of the third and fourth issues. Coutts accepted the investigator's recommendation, but Mr R did not. He suggested that a payment of £10,000 (which he later reduced to £2,500) would be more appropriate. As no resolution could be agreed, the case was passed to me for further consideration.

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.

Mr R's primary concern here is the closure of his accounts, so I'll address that first.

It is generally for a bank to decide, as a matter of its own commercial judgment, whether to provide or to continue to provide banking services to an individual or other entity. This service won't generally interfere with that commercial judgment, as long as it has been exercised legitimately – that is, it doesn't involve unlawful discrimination, for example.

Where a bank decides to end a banking relationship, it should provide reasonable notice to its customer. What is reasonable depends on the circumstances, but a period of 60 days is appropriate in most cases. Coutts' own terms set out a list of reasons where it could close accounts with immediate effect; that list includes, for example, where closure is a legal requirement or where it suspects an account is being used for an illegal purpose. In all other cases it will give the customer 60 days' notice.

Mr R was given 60 days' notice of closure. That was reasonable in the circumstances.

Further, banks do not generally have to provide detailed reasons for closing an account. I am satisfied in this case that Coutts' reasons for ending its relationship with Mr R were legitimate and that I should not therefore interfere with its decision – either by requiring the bank to re-open Mr R's accounts or by requiring it to compensate him for closing them.

Mr R did not accept the closure decision, and it was therefore reasonable of Coutts to agree to review it. But, in doing so, I agree with the investigator that it gave a rather more positive indication of the likely outcome than it should have done. That will have caused Mr R additional and unnecessary disappointment when he was told that the decision was unchanged.

I agree too with the investigator's comments about the DSAR and the time it took to deal with it. It does not appear to me to have unduly complex. It is of course unfortunate that Coutts had more such requests than usual at the time. It is of course primarily for banks to decide what resources to devote to these matters, but if they don't provide sufficient resources, there is a risk that delays will lead to complaints which might, as in this case, be justified.

Putting things right

As I indicated above, Mr R's primary concern is the account closure and the reasons for it. The other matters – being given a degree of false hope, and the DSAR – are relatively minor. For those reasons, I agree that a payment of £200 is appropriate – rather than the very much greater claim which Mr R has made.

I note that Coutts has agreed to the investigator's recommendation. I will nevertheless make a formal award of that sum, so that Mr R can enforce it, should that be necessary.

My final decision

My final decision is that, to resolve Mr R's complaint in full, Coutts & Company should pay him £200.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 1 February 2024.

Mike Ingram
Ombudsman