

## **The complaint**

Mr A has complained that Bank of Scotland plc trading as Halifax ('Halifax') closed down his bank accounts without an explanation. He'd like an apology, compensation for his financial losses and for the stress he suffered as well as a detailed explanation as to why the closures were necessary.

## **What happened**

In February 2022 Halifax wrote to Mr A to inform him that it was closing his accounts. It gave him 65 days' notice before doing so and closed the accounts in April 2022. No transactions were impacted over that period and Mr A was free to use his accounts as normal.

Mr A called the bank to find out more information and was told he'd be able to appeal the decision by attending one of its branches. He says he took a day off work, for which he wasn't paid, and went to one of Halifax's branches but the staff at the branch were unhelpful and rude to him. He said he was told that he couldn't appeal the decision, but he could raise a complaint.

Mr A says he called Halifax a few weeks later to make his complaint and was again advised he could appeal the decision in branch. He went to a different branch and the staff eventually agreed to go through the appeal process with him.

Mr A says that the reason why his account was closed was never revealed to him. He said he assumed it was because he conducted transactions relating to his business from his personal account until he opened a business account with another bank a few months later.

Mr A's appeal was rejected, and he was told all his accounts and any other accounts he has with the same banking group would be closed. This included a Help to Buy individual savings account ('ISA') which he had been using for the previous three years with a view to saving for a deposit to buy a house. He said this type of ISA is no longer available and that the closure cost him a £3,000 government bonus.

Halifax upheld Mr A's complaint in part. It apologised for not providing Mr A with a better service particularly as the branches weren't able to assist him with lodging his appeal initially. It paid him £94 compensation for this. This was made up of £9 for phone calls, £25 for distress and inconvenience, £30 for his travel costs and £30 for taking time off work. In relation to the closure of his accounts it said this was subsequent to it carrying out a risk assessment which highlighted some concerns. But it didn't provide further detail.

Mr A complained to us. He said he wanted to be compensated for not being able to benefit from a Help to Buy ISA anymore and for the stress this has caused him. He also wanted a formal apology from Halifax in relation to how he was treated as well as a detailed explanation as to why his accounts were closed.

One of our investigators reviewed the complaint and thought it should be upheld and asked Halifax to pay £100 compensation for the distress and inconvenience it caused Mr A. Our investigator didn't think Halifax had provided enough evidence to show that it had reached its

decision to close Mr A's accounts fairly and reasonably. But she didn't feel any further compensation was warranted as Halifax gave Mr A 65 days' notice which gave him enough time to minimise his losses by making other arrangements and transferring his funds elsewhere.

Halifax agreed with our investigator. Mr A asked for an ombudsman's decision, so the case was passed to me.

### **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.

Halifax has important legal and regulatory obligations it must meet when providing accounts to customers. These obligations are ongoing. To comply with its obligations Halifax may need to review an account and/or restrict its customers' access. The terms and conditions of Mr A's accounts also permit Halifax to review an account. This means Halifax is entitled to review an account at any time.

A bank is also generally entitled to close an account providing it's in line with the terms and conditions of the account. In this instance the terms of Mr A's accounts say that in certain instances Halifax can close accounts with immediate effect or by providing 60 days' notice. And it doesn't have to provide a reason for doing so.

I understand Mr A wants Halifax to explain the reason it decided to close his accounts. But Halifax doesn't have to disclose to its customers what triggers a review of their accounts. It's under no obligation to tell Mr A the reasons behind the account closure as much as he'd like to know. So, I can't say it's done anything wrong by not giving Mr A this information. And it wouldn't be appropriate for me to require it do so.

Turning to the bank's decision to close Mr A's accounts, Halifax needs to provide information to this service so we can fairly decide a complaint. Despite being asked by the investigator, Halifax has failed to provide information about why it closed Mr A's accounts and the reasons why it no longer wanted to offer him banking services. I've considered what Halifax has said about why it won't provide further information to our service about the reasons it closed Mr A's accounts. This service has the power to request evidence of this nature under the dispute resolution rules (DISP) and I'm not persuaded the reasons given by Halifax exclude it from complying with these rules. So, in this particular case, because of the lack of information I can't be satisfied that Halifax has treated Mr A fairly when it decided to close his accounts. Taking this into account, I agree with the investigator that Halifax should pay Mr A compensation for the distress and inconvenience caused by the bank closing his accounts. I think £100 is fair and reasonable in the circumstances. In arriving at this figure, I have borne in mind the fact that Mr A had full access to his accounts and was able to make transactions as normal up to the point the accounts were closed. So, there was no significant impact on him.

Mr A has asked for an apology from Halifax. I note that Halifax has already apologised in its final response letter, so I don't think a further apology is necessary. And I also don't think a forced apology would have much meaning.

Mr A said he took two days' unpaid leave to go to Halifax's branches. Halifax has offered him compensation in relation to this which I think is reasonable. Mr A hasn't disclosed what his losses were or provided any evidence in support but, in any event, I don't think a full days' leave for each visit would have been necessary bearing in mind the visits were a couple of hours long at most.

Mr A said he has missed out on £3,000 that he would have been able to claim had his Help to Buy ISA not been closed. Mr A said that he was saving for a deposit to buy a house at the time. My understanding is that the £3,000 Mr A is referring to is the maximum bonus he may have been eligible for under his Help to Buy ISA (bearing in mind he satisfied other relevant conditions) and this bonus would have become available to him upon completion of the property transaction. This bonus would not have been available to him to use towards his deposit. I haven't seen any evidence that Mr A was about to complete on a property and he, himself, said he was still saving for a deposit. So I don't think he's lost out in that respect. In any event, as far as I am aware, some lenders may accept transfers of Help to Buy ISAs. Mr A had 65 days' notice before his account was closed. I can't see that he tried to transfer his Help to Buy ISA to another provider and was unable to. And even if he had, before awarding any compensation, I would have still had to consider the reasons for the refusal which may have had nothing to do with Halifax's decision to close the account. So on the evidence available to me, on balance, I don't think Halifax is directly responsible for Mr A potentially missing out on the £3,000 maximum bonus he may have been entitled to through his Help to Buy ISA.

### **My final decision**

For the reasons above, I have decided to uphold this complaint. Bank of Scotland plc trading as Halifax must pay Mr A £100 for the distress and inconvenience it caused him. This is in addition to the £94 it has already paid him.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 21 December 2023.

Anastasia Serdari  
**Ombudsman**