

The complaint

A company I'll call W complains that Ulster Bank Limited (Ulster Bank) blocked, then closed its account without saying why.

W is represented by its directors, Mr & Mrs W.

What happened

On 12 January 2023, Ulster Bank blocked W's account while it carried out a review. Mrs W called Ulster Bank and visited her local branch to find out what was happening, but she said she received awful service and that she was told to visit a food bank when she asked how she was supposed to feed her family without access to the money in W's account.

Mrs W complained, but Ulster Bank didn't uphold the complaint. It said it had acted in line with the terms and conditions of W's account and that the account was now fully functional, having been blocked from 12 to 16 January 2023.

Ulster Bank then issued a notice to close W's account on 26 January 2023. It gave 60 days' notice of the closure, but didn't explain the reasons for its decision. Mrs W wasn't happy with Ulster Bank's actions, so she brought W's complaint to our service.

Our investigator said Ulster Bank was entitled to block and review W's account, and that she was satisfied it had acted in accordance with its terms of business when it closed W's account. But she hadn't seen sufficient evidence from Ulster Bank to justify its actions, so she couldn't be satisfied it had treated W fairly. Because of that, she awarded W £100 in compensation.

Ulster Bank accepted our investigator's findings, but Mrs W didn't. She said the compensation didn't fairly reflect the distress and inconvenience Ulster Bank had caused and said the final outcome letters were still pending. She also felt it was unfair that Ulster Bank didn't have to disclose the reasons behind its decision, and she was concerned that Ulster Bank had registered markers against W, because W was unable to open a new account elsewhere.

Ulster Bank then provided further information to support its actions, which I've considered before writing this decision.

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.

I issued a provisional decision on 1 December. In it, I said:

"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint."

Account block

All banks in the UK are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. That sometimes means they need to restrict customers' accounts while they carry out a review.

So, in order to make an award in favour of W, I would need to be satisfied that Ulster Bank acted unfairly or took actions it wasn't entitled to take. Having looked at the evidence, I'm satisfied Ulster Bank acted in line with its legal and regulatory obligations when it blocked W's account. And that it was entitled to do so under the account terms and conditions that governed the relationship between Ulster Bank and W.

After our investigator issued her findings, Ulster provided further information to explain the reasons for its actions. And, having reviewed the same (along with the information Ulster Bank provided previously), I'm satisfied Ulster Bank was complying with its legal and regulatory obligations, that it completed the review in a reasonable timeframe, and that it didn't treat W unfairly.

I understand why Mrs W is concerned that Ulster Bank won't share its reasons with her. But the nature of Ulster Bank's obligations mean that it is important Ulster Bank can complete account reviews, without having to disclose information to its customers.

This is necessary for Ulster Bank to protect its customers, itself, and the wider financial system in the United Kingdom. So, while I can't reasonably tell Ulster Bank to disclose its rationale to Mr and Mrs W, I hope they can take comfort from the fact that I have independently reviewed the information Ulster Bank provided, and that I have assessed its rationale for blocking the account. And having done so, I'm satisfied it did nothing wrong.

I understand Mrs W was unhappy with Ulster Bank's treatment of her during this time, and Ulster Bank's suggestion that she visit a food bank. But I'm not minded to tell Ulster Bank to pay any compensation in this regard. I'm not persuaded Ulster Bank intended to insult Mrs W, and in any event, I can't make an award in favour of Mrs W, because she is not Ulster Bank's customer: W is. And because W is a limited company, it cannot experience distress as a result of comments made to its directors. I accept that the block and lack of information would have caused W inconvenience, but because that inconvenience didn't flow from an error on Ulster Bank's part, I won't ask it to compensate W.

Account closure

A bank is entitled to close an account with a customer, so long as it does so in a way that complies with the terms and conditions of the customer's account. Section 8.4 of the terms and conditions of W's account say that Ulster Bank can close the account by giving 60 days' notice. There is no obligation for Ulster Bank to disclose the reasons for its decision to W.

Ulster Bank's notice to close letter was dated 26 January 2023, and informed W that its account would be closed on or after 27 March 2023 (i.e. 60 days after the date of the notice). So, it follows that Ulster Bank correctly followed its process and gave W the required notice. And, while Ulster Bank isn't obliged to disclose the reasons for its decision to W, I have looked at the evidence it provided our service to support its decision. And having done so, I'm satisfied that it did and that it was entitled to close W's account in the manner it did. And that it didn't treat W unfairly. I recognise that Mrs W would prefer to understand the reasons in more detail but again I hope she can take some comfort from the fact that I have independently reviewed its decision to make sure Ulster Bank complied with its duties.

Because I don't think Ulster Bank treated W unfairly by closing its account, it wouldn't be

appropriate for me to tell it to compensate W for any issues it experienced as a result of the closure. I understand W struggled to open an account elsewhere after the closure, but I've seen no evidence to suggest that is because of Ulster Bank's actions.

Our investigator told Mrs W that Ulster Bank had confirmed it hadn't registered any credit markers against W, and explained that Mrs W would need to demonstrate such markers have been recorded in order for our service to consider the point. Mrs W said she would provide evidence, but nothing has been submitted at the date of this decision, so I can't take any further action in this regard. However I will consider any evidence Mrs W submits in response to this provisional decision.

Finally, in Mrs W's response to our investigator's findings, she said that final outcome letters from Ulster Bank were outstanding. But I can see Ulster Bank issued its final response to W's complaint on 18 January 2023. There's no obligation for a bank to respond in detail to a customer's complaint, so it might just be that Mrs W feels parts of W's complaint should have been addressed in writing but haven't. However, Mrs W now has the opportunity to clarify her complaint in this regard, and I will consider her submissions before issuing my final decision."

I invited both parties to submit any further information or evidence they wished me to consider as part of my final decision. Ulster Bank didn't wish to add anything further, and Mrs W replied with comments on certain points of my provisional decision. However, having read Mrs W's reply, nothing she's provided changes my provisional findings, so I see no reason to change them.

It follows that I don't uphold this complaint, for the reasons set out in my provisional decision.

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 W to accept or reject my decision before 16 January 2024.

Alex Brooke-Smith
Ombudsman