

The complaint

Mr M complains Clydesdale Bank Plc, trading as Virgin Money ("VM"), restricted and then closed his account without explanation.

To put things right, Mr M wants an apology, the account reopened and compensation for the distress caused.

What happened

Mr M opened an account with VM in early June 2022. Around the 11 July 2022, following an internal review, VM restricted Mr M's account. VM then decided to close Mr M's account and gave him seven days' notice.

Unhappy with VM's actions Mr M complained. VM didn't uphold Mr M's complaint and said it had closed the account in line with the terms of the account. Mr M referred his complaint to this service.

In early August 2022, VM closed Mr M's account and sent him a cheque for the balance.

One of our Investigator's looked into Mr M's complaint. They didn't recommend the complaint be upheld, in summary they found:

- Banks are allowed to carry out reviews on its customer's accounts and VM had not caused any delays with this
- VM is under no obligation to provide an explanation for why it decided to close the account

Mr M did not agree with what our Investigator said. Some of the key points he makes in response are:

- VM can not restrict his account without explanation or asking him for proof of his source of funds unless there is a court order in place
- There was undue delay given VM held his funds for three weeks

As Mr M didn't agree, his complaint has now been passed to me to decide.

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.

Having done so, I've decided not to uphold this complaint. I'll explain why.

Banks in the UK, like VM, are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. They are also required to carry out ongoing monitoring of an existing business relationship. That sometimes means banks need to

restrict, or in some cases go as far as closing, customers' accounts.

VM have given me information regards why it decided to restrict Mr M's account. Having considered this, I'm satisfied VM acted fairly and in accordance with its legal and regulatory obligations. So I don't think VM has done anything wrong here.

VM is entitled to close an account just as a customer may close an account with it. But before VM closes an account, it must do so in a way, which complies with the terms and conditions of the account.

The terms and conditions of the account, which VM and Mr M had to comply with, say it could close the account by giving him at least two months' notice. And in certain circumstances it can close an account immediately or with less notice.

Having looked at the information given to me by VM, I'm persuaded it was entitled to close the account in the way that it has done. VM had written to Mr M to explain its actions on 19 July 2022 and in doing so signposted him to the relevant part of its terms and conditions that it was exercising this action under – section 15 of its agreement for personal customers.

Mr M argues VM had no right to do this without providing him with an explanation or asking him for evidence of his source of funds. I am not aware of any obligation under which VM must provide an explanation to Mr M for restricting and then closing the account. Nor can I compel it to do so.

I would add too that our rules allow us to receive evidence in confidence. We may treat evidence from banks as confidential for a number of reasons – for example, if it contains security information, or commercially sensitive information. Some of the information VM has provided is information we consider should be kept confidential.

Mr M says VM should have asked him for source of funds evidence. But from the information I've seen, I'm satisfied VM did nothing wrong by deciding to close the account with only seven days' notice. In reaching this conclusion I've taken into account this wasn't Mr M's main account and that it had only been opened a month or so beforehand.

Mr M wants VM to pay him compensation for the distress its actions caused him. I do appreciate this matter would've caused him some difficulty. But having looked at what's happened in this particular case, I can see no basis on which I might make an award against VM given I don't think it failed to properly follow its own procedures when it closed Mr M's account. And for that reason, I don't think it needs to send a written apology to Mr M too.

I appreciate Mr M has asked for specific legislation that VM relied upon to review and close the account. The regulator, the Financial Conduct Authority (FCA) sets regulations which banks must comply with – and most of the legislations you're referring to will be covered by this. Banks are required to comply with a wide range of law and regulation, including the Prudential Regulation Authority (PRA) Rulebook, the FCA Handbook and various pieces of primary and secondary legislations. Most of these regulatory requirements apply to all UK banks and VM is subject to these legal and regulatory requirements.

While these regulations are in place, the specific section which VM would have relied on when closing Mr M's accounts is set out in the Terms and Conditions of his account with it – rather than a set piece of legislation. Part of the legislations will be ensuring banks comply with the Terms and Conditions of their account, especially when monitoring ongoing business relationships. The specific terms they've relied on are under section 15. It's not in

our remit to review banks processes – we can only check that they've followed their processes correctly and acted fairly. In the circumstances of your complaint, as explained above, I think it has.

My final decision

For the reasons above, I do not 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 13 October 2023.

Ketan Nagla
Ombudsman