

The complaint

Mr T complains that Cynergy Bank Limited (Cynergy) blocked and closed his account, without explaining why. And delayed in providing him with information he requested by way of a Data Subject Access Request (DSAR).

What happened

On 18 August 2020, Cynergy blocked Mr T's account. When Mr T called his relationship manager (RM) to find out what was happening, he was told the block was caused by a technical issue. However, the account remained restricted and Cynergy then wrote to Mr T on 3 September 2020, giving him 15 days' notice of its intention to close his account.

Cynergy also took similar actions in respect of 3 limited company accounts in Mr T's name. But this decision is solely concerned with Mr T's personal account, and I will address the other complaints separately.

Mr T's daughter then submitted a data subject access request (DSAR) on Mr T's behalf. But Cynergy didn't allocate the request to the correct team, so it didn't complete the request. When Mr T complained, Cynergy issued a final response letter dated 9 December 2020. It apologised to Mr T, explained why there had been a delay, and said it would need his written consent to accept instructions from his daughter. It also offered him £50 in compensation given it had caused a delay.

Cynergy told our service it received written consent on 18 March 2021 and completed the DSAR within 30 days.

However, Cynergy didn't uphold Mr T's complaint about access to his account. It said it had exited Mr T as he was outside of Cynergy's policy, but said it wasn't obliged to provide any further rationale beyond that.

Mr T didn't accept Cynergy's response, so he brought his complaint to our service. He said Cynergy had lied to him about the technical issue, and wanted to know the real reason his account had been blocked and closed.

Our investigator looked at Mr T's complaint, but she didn't uphold it. She looked at the evidence Cynergy provided to justify its actions and said she was satisfied it had acted in line with its terms of business, as well as its legal and regulatory obligations. And she said that, regardless of whether or not Mr T's RM knew the block wasn't caused by a technical issue, the RM wouldn't have been able to disclose the real reason in any event.

Mr T didn't accept our investigator's findings, so he asked for an ombudsman to review the matter afresh.

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.

Firstly, I should say that I'm aware I've summarised the events of this complaint in far less detail than the parties, and that I've done so using my own words. The reason for this is that I've focussed on what I think are the key issues here, which our rules allow me to do.

This approach simply reflects the informal nature of our service as a free alternative to the courts. And I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome in this case. So, if there's something I've not mentioned, it isn't because I've ignored it, and I must stress that I've considered everything both Mr T and Cynergy have said, before reaching my decision.

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. And because of the nature of those obligations, banks often don't disclose the reasons for their decisions to their customers. However, our service has obtained information and evidence relating to Cynergy's rationale, so while I can't disclose the reasons behind Cynergy's actions, I can assure Mr T that I have reviewed all of the germane evidence.

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

Because I'm satisfied Cynergy was entitled to block Mr T's account, I won't ask it to compensate Mr T for doing so, given it did nothing wrong. Mr T also says that his RM originally told him the account was blocked due to a technical issue, and that he later found out that that was not the case.

But, as our investigator has explained, banking decisions are not always made by a single department and in circumstances like these, the rationale isn't always communicated to all members of staff. So, Mr T's RM may not have known why the account was blocked. And in any event, I'm satisfied Cynergy wasn't obliged to disclose the reasons for the block. So, Mr T's relationship manager couldn't have given him any more information, regardless of whether or not he knew the true reason.

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.

Cynergy gave Mr T 15 days' notice to close his account in a letter dated 15 September 2020. It explained Mr T's account no longer fell within Cynergy's criteria and confirmed the account would be blocked until it was closed. Because Mr T's account was overdrawn, it wasn't closed until Mr T paid the outstanding balance on 27 October 2020.

Cynergy referred our service to its terms of business which, at section 18.5 sets out the circumstances in which it can close Mr T's account with less than 2 months' notice. The terms and conditions though don't oblige Cynergy to disclose the reasons for its decision to Mr T, and I can see Cynergy didn't want to tell Mr T why it closed the account.

With that being the case, I've looked at the evidence Cynergy provided our service to determine whether or not it acted fairly when it closed Mr T's account. And having done so, I'm satisfied that it did and that it was entitled to close Mr T's account without giving 2 months' notice. And that it doesn't have to explain the reasons for its decision to Mr T.

Subject Access Request

Turning to the DSAR, Cynergy has accepted it delayed in completing the report. And while I accept it was right to request Mr T's consent to correspond with his daughter, it should have identified that sooner, so I can see that it did cause an avoidable delay. But, while I recognise there was a delay, the impact of that delay on Mr T wasn't substantial so I'm satisfied Cynergy's offer of £50 in compensation is sufficient to put things right for him.

I understand this isn't the answer Mr T was hoping for, and that he'll be disappointed with my decision. But, for the reasons I've set out above, I'm satisfied Cynergy was entitled to block and close Mr T's account in the manner it did. And that it has done enough to compensate Mr T for the delay in complying with Mr T's subject access request. With that being the case, I won't ask Cynergy to do anything further to put matters right for Mr T.

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 T to accept or reject my decision before 31 October 2023.

Alex Brooke-Smith
Ombudsman