

The complaint

This complaint is brought by a company, R. It has been brought on R's behalf by its director, whom I'll refer to as "Mr D".

R complains that Coutts & Company:

- closed its accounts without having or providing it with a valid reason for doing so;
- led Mr D 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 D and companies controlled by him, including R, had a number of accounts with Coutts. This complaint concerns only R's relationship with the bank. Mr D has brought a separate complaint in respect of his personal accounts.

In March 2022 Coutts contacted R to say that it was ending their banking relationship. It gave R 60 days' notice of the closure of its account.

Mr D 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 its relationship with R 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 D wanted to know why the accounts had been closed, and in July 2023 he submitted a DSAR to Coutts. He complained about the time taken to deal with that request. He said too that he had been led to believe that the review would lead to a different decision.

When R's complaint was referred to this service, one of our investigators considered what had happened. He issued a preliminary assessment, in which he said that Coutts had been within its rights to end the relationship on 60 days' notice and that he was satisfied it had legitimate reasons for doing so.

Mr D, on behalf of R, did not accept the investigator's preliminary conclusions and asked that an ombudsman review the case.

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.

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. Occasionally, a longer notice period might be appropriate – for example, where a business needs to make longer-term financial decisions – but I do not believe that was the case here. R is a consultancy, and there has been no suggestion that it could not make alternative banking arrangements relatively quickly.

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.

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 R were legitimate and that I should not therefore interfere with its decision – either by requiring the bank to re-open the company's R's accounts or by requiring it to compensate it for closing them.

Mr D says that Coutts led him to believe its closure decision might change on review. Where appropriate, I can make an award to reflect any material distress or inconvenience suffered by a complainant. I can see that any misleading information might have caused Mr D to suffer some personal distress, because of the subsequent disappointment. But a company cannot suffer distress, and I am not persuaded that R was put to any inconvenience as a result of anything Mr D was incorrectly told about the review.

Similarly, Mr D's complaint about the handling of the DSAR is a personal one. The request concerned his personal data, not R's.

My final decision

For these reasons, my final decision is that I do not uphold R's complaint and to not require Coutts & Company to do anything more to resolve it.

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

Mike Ingram

Ombudsman