

The complaint

Mr S complained because Bank of Scotland plc, trading as Halifax,

- refused to refund him for £360 which he paid into someone else's account; and
- closed his account.

Mr S wants £25,560 compensation from Halifax.

What happened

On 2 May 2023, Mr S used a deposit machine in a Halifax branch. He put in a debit card and paid in £360 cash.

Mr S then checked his account, but the £360 wasn't showing. He spoke to branch staff, and it turned out that Mr S had paid the money into someone else's account. Mr S is a taxi driver and he said a passenger had left their debit card in his car, and he'd put it in his glovebox. It was that card which Mr S had accidentally used, instead of his own, to pay in the money.

The branch staff rang the owner of the card to ask for the money to be returned. They said they did that on a "best endeavours basis" – in other words, it couldn't be guaranteed. The owner of the other card disputed what Mr S had said, and claimed that Mr S had stolen their card and had been using it to carry out transactions which they hadn't authorised. So they refused to pay the money back, and Halifax couldn't force them to do so.

Mr S wasn't happy about this, and Halifax branch staff said that he became very abusive. The branch decided to close Mr S's account. On 4 May, it sent Mr S a letter. This said that following the incident in the branch, it would be closing Mr S's account in 30 days. It said it was important that all its colleagues and customers feel safe and respected when working or banking with Halifax, so it took incidents like this very seriously and didn't accept any inappropriate behaviour that makes people feel threatened or uncomfortable. The letter told Mr S that he should make other arrangements for his banking with another provider.

Halifax closed Mr S's account on 8 June, which was more than 30 days after the letter was sent.

Mr S complained about not getting the money back, and the closure.

In Halifax's final response letters, it said that it had investigated and wasn't able to retrieve the money from the other account holder. It also said that it had closed Mr S's account after an incident in the branch, where he had been abusive towards members of staff. Halifax said that the terms and conditions said that it could close an account without giving notice if "*you are or may be behaving improperly. This includes being abusive or threatening to our staff including abusive or threatening messages.*" Halifax said it had sent Mr S a letter when it had taken this action, to advise him about the closure.

Mr S wasn't satisfied and contacted this service. He said the money he'd paid in didn't belong to the other customer and the branch manager had refused to help. Mr S said he had

a lot of financial commitments each month through that bank account. He said that Halifax needed to pay him compensation.

Our investigator didn't uphold Mr S's complaint. She said that Halifax had done all it could to recover the funds. And she said that having seen Halifax's reasons for no longer wanting Mr S as a customer, she was satisfied that the decision was reasonable, and that Halifax had given Mr S 30 days' notice.

Mr S wasn't satisfied. He said that the investigator had said Halifax could close an account with 30 days' notice but Halifax hadn't given him 30 days' notice. He said that if he'd had notice, he could have moved his bank account and then he'd have gained a £200 bonus from the new bank. He also said that he'd used his Halifax account for his business, and he'd suffered losses as a result. He wanted compensation for this.

Mr S said he wanted £360 refund of the cash he'd paid in, plus £200 which he'd have been able to get by switching his account if he'd been given notice of the closure, plus £25,000 compensation. He asked for an ombudsman's 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.

The £360 payment credited to the wrong account

The £360 payment was made by Mr S himself. He put the other person's credit card into the machine with the cash. So the payment wasn't made because of any error by Halifax.

I've considered whether Halifax made any errors in relation to trying to get the money back for Mr S. The Payment Services Regulations 2017 say that a payment service provider (here, Halifax) should take "*reasonable steps*" to recover funds that have been mistakenly applied to an account. Halifax contacted the receiving customer promptly. And that customer refused a refund, alleging that Mr S had stolen the card and that there had since been disputed transactions taking money out of their account. There are procedures to help customers who make payments in error - but they don't apply where the recipient disputes what happened. In these circumstances, I can't say that Halifax acted wrongly. It had tried to retrieve the money in a reasonable timescale, but couldn't do so. So it doesn't have to refund Mr S with the £360.

Closure of Mr S's account

The terms and conditions of Mr S's account, to which he'd have agreed when he opened the account, say:

"We can end this agreement (or account, benefit or benefits package or service) without telling you in advance if we reasonably think that:

- *there is or may be illegal or fraudulent activity connected to the account;*
- *you are or may be behaving improperly. This includes being abusive or threatening to our staff...*"

So under the terms and conditions, Halifax had the authority to close Mr S's account immediately in these circumstances. But the evidence shows that in fact Halifax didn't close the account immediately. It sent Mr S a letter giving him 30 days' notice. And the statements of Mr S's account show that Halifax didn't close his account until 8 June, which was more than 30 days after it sent the letter. Mr S said he wanted to move his account and get £200 for transferring. If he wanted to do this, I consider he could have done so when he received

Halifax's letter giving him notice. It doesn't make any difference whether or not Mr S received the letter. The evidence shows Halifax sent it.

Banks don't have to give a reason why they close a customer's account. But here, Halifax's final response to Mr S confirmed the reason for its decision to close the account with no notice. It said *"Your account was closed after an incident in branch where you had been abusive towards members of staff. This is outlined in your terms and conditions that we can close your account without telling you in advance if you are or may be behaving improperly. This includes being abusive or threatening to our staff or including abusive or threatening messages."*

Halifax gave Mr S more notice than it had to under the terms and conditions of Mr S's account. So I find that it did nothing wrong when it closed his account.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 22 December 2023.

Belinda Knight
Ombudsman