

Ombudsman decision

CIFO Reference Number: 15-000058

Complainants: [The complainants]

Respondent: [Bank A]

It is the policy of the Channel Islands Financial Ombudsman (CIFO) not to name or identify complainants in any published documents. Any copy of this determination made available in any way to any person other than the complainant or the respondent must not include the identity of the complainant or any information that might reveal their identity.¹

This complaint concerns the closure of bank accounts by [Bank A] without customer consent. The complainants say that as a pre-condition of their mortgage with [Bank A], their account did not require any minimum balance. When they later applied for a credit card they were told they would need a minimum balance in order to obtain one. The complainants objected and [Bank A] closed their accounts.

Background

In support of his complaint, [the complainant] has provided a copy of an email dated 7 November 2013 which he received from an employee of [Bank A]. The email states:

"[Bank A] has withdrawn its' [sic] Advance proposition for residents of [Country Y]. While ever you are paying a mortgage, you will be able to retain your existing account. Once the mortgage is repaid in full you will no longer qualify for a [Bank A] account and it will need to be closed. Naturally, the timing of repayment of your mortgage facility is at your discretion."

On 4 June 2015 [Bank A] wrote to the complainants to inform them they had taken the decision to end their banking relationship and close their accounts. [Bank A] wrote as follows:

"This is in line with our [Terms and Conditions] which says that we can give you at least 30 days' notice in writing if we would like to close your accounts with us."

[The complainant] claims that by closing their accounts [Bank A] have reneged on the commitment made in the above previous email of 7 November 2013, which in [the complainant's] view is written confirmation that the accounts would stay open whilst they still had their current mortgage.

Findings

¹ Financial Services Ombudsman (Jersey) Law 2014 Article 16(11) and Financial Services Ombudsman (Bailiwick of Guernsey) Law 2014 Section 16(10)

I have considered all the available evidence to decide what is fair and reasonable in the circumstances of this complaint.

I agree with the conclusions of the case handler. [Bank A] had taken the commercial decision not to provide [redacted for anonymisation purposes] accounts to residents [in certain overseas locations]. An exception was made for the complainants and their account was allowed to remain open until their mortgage in the UK was repaid in full. When a credit card account application was rejected resulting in a series of complaints and a breakdown in the banking relationship, [Bank A] decided not to continue the exception previously granted to the complainants despite the fact that the customer consistently maintained a very small balance outstanding on the mortgage, presumably in order to have continued access to the benefits conferred by the previously granted exception from [Bank A]. It is not fair and reasonable to expect the exception to be maintained under these circumstances.

Banks can choose not to do business with a customer without giving reasons. In this case, [Bank A] gave the complainants 30 days' notice in accordance with their [Terms and Conditions]. It follows that I do not consider that [Bank A] has made an error.

In terms of the rejected credit card application, a bank's commercial decision whether or not to lend to a customer, and the terms of such lending, are not within our remit and I therefore cannot take any position on this aspect of the complaint.

Final decision

I do not uphold the complaint in this matter.

Douglas Melville
Principal Ombudsman and Chief Executive