

Ombudsman determination

CIFO Reference Number: 16-001171

Complainant: [The complainant]

Respondent: [Bank X]

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

The complaint relates to the refusal of [Bank X] to reopen a closed account and poor service from [Bank X] in the application process.

Background

In early 2016 [the complainant] stated he closed his [jurisdiction 1] bank account to release funds for a business transaction. When this transaction did not take place, he applied to reopen the account. This was rejected by [Bank X] without a reason being provided.

On enquiry, [the complainant] was advised by [Bank X] that, to assist with the application, he might attempt to obtain a referral from the International Banking Centre through [Bank X overseas].

[The complainant] travelled approximately 40 miles from his home in [redacted for anonymisation purposes] to [redacted for anonymisation purposes] to begin the process at [Bank X overseas]. After a few weeks, an email was received from [Bank X], asking [the complainant] to begin the account application process again; receiving a further rejection approximately an hour later, without a reason being provided.

[The complainant] complained to [Bank X] about his inability to reopen his account and pointed out that the [Bank X] website suggested that [Bank X] [account] holders were entitled to the same [Bank X] [account] service elsewhere.

[Bank X] responded by informing [the complainant] that they were not obliged to give a reason for their refusal. [Bank X] however accepted that the wording on the website was misleading and promised to correct it. [The complainant] was paid £100 as a gesture of goodwill.

[The complainant] is seeking an apology for the false advertising and compensation of more than the £100 paid for expenses and inconvenience. [The complainant] is also seeking an explanation for the refusal by [Bank X] to reopen the account.

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

Findings

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

I have taken note of further representations made by each party following the case handler's initial conclusions.

In line with my statutory duty to disclose evidence, I have provided copies of the documents which I have relied upon in reaching my decision.

I agree with the case handler that the decision to refuse [the complainant's] application to reopen the account was a commercial decision for [Bank X], who are not obliged to provide a reason for the refusal. While the decision to close the account was [the complainant's], I conclude that the initial commercial decision not to reopen it was entirely a matter for [Bank X].

In these circumstances, it is not within the mandate of CIFO to review commercial decisions of a financial services provider regarding with whom they do business, nor to compel the provider to disclose the reason behind any such commercial decision.

[Bank X] have apologised for the poor service provided. It was also accepted that the wording of the standard decline letter was misleading and have since raised it for editing. It was acknowledged by [Bank X] that [the complainant] was provided with incorrect information from an [Bank X] employee, which caused him some inconvenience and incurred some expense in terms of travel to and from [redacted for anonymisation purposes]. [Bank X] offered [the complainant] £100 in recognition of this and I conclude this reasonable in the circumstances.

Decision

My final decision is that the £100 paid to [the complainant] is reasonable compensation for the expenses and inconvenience caused. I also find that he has already received the apology he sought from [Bank X] for the poor service. I do not find that [Bank X] are required to explain the commercial reasons why the bank refused to reopen the account.

[The complainant] must confirm whether he accepts this determination either by email to ombudsman@ci-fo.org, or letter to Channel Islands Financial Ombudsman, PO Box 114, Jersey, Channel Islands JE4 9QG, by **23 March 2017**. The determination will become binding on [the complainant] and [Bank X] if it is accepted by this date. If we do not receive [the complainant's] email or letter by the deadline, the determination is not binding. At this point he would be free to pursue his legal rights through other means.

If there are any particular circumstances which prevent [the complainant] from confirming his acceptance before the deadline of 23 March 2017, he must contact me with details. I may be able to take these into account, after inviting views from [Bank X], and in these circumstances the determination may become binding after the deadline. I will advise [the complainant] and [Bank X] of the status of the determination once the deadline has passed.

Douglas Melville
Principal Ombudsman and Chief Executive

Date: 9th March 2017