

Ombudsman Determination**CIFO Reference Number: 16-001280****Complainant: [The complainant]****Respondent: [Bank Y]**

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 closure of [the complainant's] account, held jointly with his wife. The complainant says the account closure occurred without notice.

As a fair and reasonable resolution to his complaint, [the complainant] asked that [Bank Y] clearly explain how it can close an account without giving notice thereby preventing the customer from addressing the problem immediately; for an explanation from [Bank Y] about why it avoided answering the core issues of the complaint; and for reassurance that arrangements would be put in place to avoid this happening in future to others. No financial loss has been identified and no claim for financial compensation was sought by the complainant.

Having formed the view that [Bank Y] had addressed the issues raised in the complaint, the Case Handler was of the view that the complaint was upheld in part. [The complainant] disagreed with the views expressed by the Case Handler and the matter was referred to me for determination.

Background

On 15 February 2016, according to [Bank Y] records, a notice of closure was sent to [the complainant's wife] advising her of the closure of all accounts on or around 15 April 2016 unless she provided updated client due diligence information. Notwithstanding it being a joint account, as [Bank Y] did not require updated information from [the complainant], the bank only wrote to [the complainant's wife].

On 26 July 2016, [the complainant's wife] was at [jurisdiction 2] Airport waiting to board her flight to [redacted for anonymisation purposes] with her young son. When she attempted to obtain cash at the airport ATM her card was retained by the ATM and her cash request was refused.

[The complainant] called [Bank Y] by telephone and, as a result of [Bank Y] becoming aware of her circumstances, [Bank Y] immediately reinstated the account. [The complainant's wife] however was without her debit card (as it had been retained by the

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

ATM) so [Bank Y] arranged for funds to be made available to her at a specific [overseas] branch; subject to her providing proof of identification there.

Unfortunately, on reinstatement of the account, many of the ancillary account facilities, such as direct debits, were not reinstated at the same time. Errors appear to have been made by [Bank Y] when restoring the account facilities and this caused some later inconvenience and embarrassment to the [complainant and his wife].

As it took some time to properly reinstate all the direct debits on the account, [Bank Y] has admitted to the human error on its part and provided [the complainant] with a sincere apology. I understand all the direct debits have since been properly reinstated.

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.

In my view, [Bank Y] should have considered the consequences to both parties of closing the joint account and therefore should have written to both. I note however from information disclosed by the bank, that [Bank Y] followed its procedures in place at the time and, since recognising this joint consequence, has changed these procedures to include all parties to a joint account when it writes to them. This reassurance being one element of [the complainant's] stated view of what would be of a fair and reasonable outcome.

With regard to the notice of closure given, [Bank Y] has provided me with a copy of its standard notice of closure letter template, which was also sent to [the complainant]. This document states:

'We wrote to you recently asking you to give us some information'

I am satisfied that the notice of closure letter was the second communication sent to [the complainant's wife] and it informs the recipient that they have 1 month to provide the requisite information before any closure action would commence. It is claimed by [the complainant] that the letters were not received by [the complainant's wife] but, as there is no evidence to suggest that [Bank Y] had wrongly addressed the correspondence, I do not consider [Bank Y] can be held responsible for [the complainant's wife] not receiving them. Other bank correspondence was not complained of as being similarly unaccounted for.

I conclude that, on a balance of probability, a letter and a notice of closure were sent to [the complainant's wife]. I note that [the complainant's wife] says she had not received them.

I conclude that the issue of the direct debits being cancelled and not immediately reinstated was an unfortunate direct consequence of the account closure; caused by the bank not receiving updated client due diligence information from [the complainant's wife].

I acknowledge the admitted human errors in [Bank Y's] administration of the closure; particularly in respect of the direct debits and their reinstatement. However, [Bank Y] has since apologised for those problems and I consider the apology sufficient in the circumstances.

[The complainant] also complained that [Bank Y] had avoided answering the core issue of the complaint; namely, why there was no prior notice of the closure.

[Bank Y], in its final response to [the complainant] dated 13 September 2016, wrote:

'You have already made us aware that you understand the rationale behind our decision to start closure proceedings on the above account.'

Furthermore, on 11 October 2016, [Bank Y] wrote to [the complainant] again stating;

'I believe that you were made aware of the rationale behind this decision verbally when you contacted [Bank Y] initially.'

As we did not hold sufficient due diligence for a joint related party on your accounts and our previous communications went unanswered we took the decision to start formal closure proceedings.'

We did issue formal notice of our intention to close all accounts, I can only apologise if this was not received.'

I conclude that the evidence shows that the reason for the closure was explained to [the complainant]; this in addition to the two letters sent to [the complainant's wife] notifying her of the potential account closing.

I conclude that it may have been helpful if [Bank Y] had explained this again in its final response letter to [the complainant], on 13 September 2016, in order to attempt to achieve a better mutual understanding of the issues. However, the context of the final response suggests that [Bank Y] was under the impression that the complaint was only in relation to the cancellation and reinstatement of the direct debits.

In response to [the complainant's] request for a formal response to the notice of closure question, [Bank Y] wrote to him again on 11 October 2016. In that letter, [Bank Y] addressed the reasons for the account closure and advised [the complainant] that formal notice to close all accounts had been sent to [the complainant's wife]. I therefore do not agree that [Bank Y] avoided that part of the complaint. I conclude that, while there may have been some confusion over the extent of the complaint, I am satisfied that [Bank Y] has adequately addressed all of [the complainant's] points.

Decision

My final decision is that [Bank Y] did not act unreasonably in closing this joint account in the absence of a response to its communications. It is an important legal and regulatory requirement for the bank to hold up to date information on customers and it is entirely reasonable to close an account if this information, when requested, is not forthcoming.

[Bank Y] cannot be held responsible for [the complainant's wife] not receiving properly addressed letters to her and I do not consider it reasonable to conclude that [Bank Y] should communicate to every one of its customers across an array of communication platforms. I am satisfied that the lack of response to the letters was the catalyst for all that followed.

I uphold the complaint to the extent that human error on the part of [Bank Y] caused some delay in reinstating all the direct debits to the account. I consider [Bank Y] to have done all it could to immediately reopen the account and ensure funds were available to [the complainant's wife] [overseas]. I am satisfied that [Bank Y] has apologised for those delays and has since corrected those errors.

When [the complainant's wife] was left without her retained debit card at [jurisdiction 2] airport, [Bank Y] arranged for funds to be made available to her at a specific [overseas] branch. I consider this to have been a reasonable and helpful course of action on the part of [Bank Y] and note that [the complainant] accepted £75 by way of reimbursement for any telephone calls he had to make. I consider both the offer, and [the complainant's] acceptance of it, an appropriate resolution to that aspect of the complaint.

I also consider that [Bank Y] addressed the core elements of the complaint both over the telephone and in writing.

I do not consider additional financial compensation appropriate in this matter.

Next steps for the complainant, [redacted for anonymisation purposes].

You must confirm whether you accept 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 **Friday 22 September 2017**. The determination will become binding on you and [Bank Y] if it is accepted by this date. If we do not receive your email or letter by the deadline, the determination is not binding. At this point you would be free to pursue your legal rights through other means.

If there are any particular circumstances which prevent you confirming your acceptance before the deadline of Friday 22 September 2017, please contact me with details. I may be able to take these into account, after inviting views from [Bank Y], and in these circumstances the determination may become binding after the deadline. I will advise you and [Bank Y] of the status of the determination once the deadline has passed.

Douglas Melville
Principal Ombudsman and Chief Executive

Date: 23rd August 2017