

**Ombudsman Determination****CIFO Reference Number: 17-000413****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.<sup>1</sup>

[The complainant] complained that [Bank X] closed his accounts without notice in July 2016.

**Background**

[The complainant] informed CIFO that pension payments were credited to his two accounts for family and friends. These pension payments stopped when [Bank X] closed his accounts and, given that there is no postal service [overseas], it has not been possible to reinstate their pensions. As a fair and reasonable resolution to the complaint, [the complainant] asked for financial compensation.

On 22 December 2014, [Bank X] contacted [the complainant] to advise that they would require updated information to enable the continued operation of his accounts; in particular, the bank asked [the complainant] for verification of his address. According to [Bank X], they required this personal information as part of an initiative to increase protection for customers from fraud and financial crime. [The complainant] replied to this letter on 17 January 2015, enclosing documentation.

Between September and November 2015, [the complainant] was in contact with [Bank X] in response to the bank's suggestion that it had not received all of the information required from him. On 10 September 2015 [the complainant] told the bank he was [overseas] and the ongoing civil war was causing him difficulties in complying with its information request. Subsequently, [Bank X] granted [the complainant] an exemption. On 16 November 2015, the bank emailed [the complainant] to confirm it no longer required the additional information.

In February 2016 the exemption expired. On 12 April 2016 [Bank X] advised [the complainant] by email that it would be closing his accounts unless it received the requested information by 13 June 2016.

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

Further correspondence took place between the bank and [the complainant] in April and May 2016. [Bank X] did not receive the information required to its satisfaction, so it closed the two accounts on 18 July 2016 and 27 July 2016.

The case handler did not uphold the complaint because he considered that the decision to end the banking relationship was a commercial decision taken by [Bank X].

### **Subsequent submissions**

[The complainant] did not agree with the case handler's conclusions. He reiterated that he had no idea his accounts were to close and he was awaiting an update after receiving confirmation that restrictions had been raised on his account in May 2016.

### **Findings**

I recognise [the complainant's] claim that he was a customer of [Bank X] for over 20 years, but the decision to end the banking relationship was a commercial decision taken by [Bank X].

As a commercial organisation, [Bank X] retains the right to select the customers with which it conducts business. I cannot, therefore, stipulate the terms on which [Bank X] should have closed or kept open the accounts held by [the complainant]. Banks can choose not to do business with a customer without giving reasons.

Nevertheless, the account closure process should be conducted reasonably. [The complainant] says that he did not know his accounts were going to close. [The complainant] provided our office with an email from 12 April 2016 from [Bank X] which told him the bank would restrict or close the accounts by 13 June 2016 unless further documentation was received.

[The complainant] responded by email on 22 April 2016, highlighting that he had contacted the bank on a number of occasions between February and April 2016 to seek clarification as to the status of his account.

On 25 April 2016, [Bank X] sent an email to [the complainant] which confirmed that the bank was seeking a pay slip or a bank statement which showed his last salary payment. [The complainant] responded by providing the bank with documentation, including a pay slip.

On 13 May 2016, an employee of [Bank X] sent an email to [the complainant] to confirm that he could not see any restrictions on [the complainant's] accounts and that the bank would advise him further.

On 16 May 2016, [Bank X] sent an email to [the complainant] to advise that restrictions had been lifted and he could

*"continue to use [his accounts] as normal".*

Based on this email, it would not have been unreasonable for [the complainant] to conclude that his accounts would remain open as a result. Nevertheless, [the complainant's] accounts were closed on 18 and 27 July 2016.

I consider that the bank mismanaged the process of closing the accounts belonging to [the complainant]. In particular, the bank's communication to [the complainant] of whether he had complied with the requirements in the letter of 12 April 2016 and email of 25 April 2016 was not adequate in the circumstances.

I note that [the complainant] transferred the balance of his [Bank X] accounts to an account with a separate bank on 27 July 2016. I do not, therefore, consider that [the complainant] was left without access to his funds.

### **Final decision**

My final decision is that I uphold this complaint in part.

[Bank X] should pay [the complainant] £1,000 for inconvenience caused to him during the account closure process.

[The complainant] must confirm whether he accepts this determination either by email to [ombudsman@ci-fo.org](mailto:ombudsman@ci-fo.org), or letter to Channel Islands Financial Ombudsman, PO Box 114, Jersey, Channel Islands JE4 9QG, by **22 February 2018**. The determination will become binding on [the complainant] and [Bank X] if it is accepted by this date. If we do not receive an email or letter by the deadline, the determination is not binding. At this point [the complainant] would be free to pursue his legal rights through other means.

If there are any particular circumstances which prevent [the complainant] confirming his acceptance before the deadline of 22 February 2018, he should 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 both parties of the status of the determination once the deadline has passed.

Please note there is no appeal against a binding determination, and neither party may begin or continue legal proceedings in respect of the subject matter of a binding determination.

Douglas Melville  
Principal Ombudsman and Chief Executive

Date: 22<sup>nd</sup> January 2018