



Case study: Banking/Credit

ADVANCE NOTIFICATION OF BANK ACCOUNT CLOSURE

Themes: bank decision to end banking relationship, communication methods, basis of Ombudsman decision where regulatory obligations arguably met by financial services provider, Ombudsman decision refused so not binding on FSP

This complaint relates to a failure to provide adequate notice of closure of a customer account and imposition of an onerous process to retrieve the customer's funds from a bank suspense account after the customer's account had been closed.

In July 2016, the bank decided to end its banking relationship with the complainant. It sent him multiple letters from July to October 2016 to notify him of this decision and gave him a 60-day period to make alternative banking arrangements. The account was subsequently closed; however, the complainant claimed he did not receive the bank's advance notification letters.

Once aware of the account closure, the complainant contacted the bank and requested the bank contact bank B to perform a transfer of his remaining funds held in the bank's suspense account to his account with bank B. The bank was not prepared to do this and asked the complainant to fill in a fund-release form so that his funds could be released from the bank's suspense account.

The complainant complained to the bank about the decision to end the banking relationship and argued that he should have been notified of such an important decision via means other than by post. He also expressed his dissatisfaction with the bank's refusal to contact bank B to organise the transfer of his funds. The bank did not uphold his complaint on the basis that it had the right to end banking relationships without explaining why and that this decision was communicated to the customer using the contact details held on file.

The complainant then contacted CIFO. The CIFO case handler partly upheld the complaint. He acknowledged that the decision to end the banking relationship was a legitimate exercise of the bank's commercial judgement. He also acknowledged that, while the process to release the customer's funds from the suspense account could be costly and inconvenient, it was nevertheless the only way to get the complainant's money back while protecting both the bank and the customer from potentially fraudulent activity. The case handler considered the fact that the bank had only tried to contact the complainant about the proposed account closure via post, and by no other means of communication. He concluded that because the bank had already communicated with the customer for different banking services via telephone, it was reasonable to expect the bank to have used alternative means of communication at its disposal to advise the customer of the account closure which was a matter of significant importance. The case handler concluded that the complainant should receive £100 in compensation for inconvenience caused.

Neither the complainant nor the bank accepted this decision, which was escalated to the Ombudsman for review. The bank submitted a statement from the Financial Services Commission of the relevant

jurisdiction that its account closure process was not objected to by the regulator. After conducting his own review, the Ombudsman agreed with the case handler's conclusions. He added that the Financial Service Commission's statement on the matter was not determinative in this case. CIFO's role is to resolve complaints based on what would be fair and reasonable in each case. While regulatory or legal rules are factors which the Ombudsman will take into consideration, the Ombudsman's statutory remit is to determine what would be fair and reasonable in the circumstances.

The complainant was awarded £100 in compensation for distress and inconvenience, the same amount as what the bank had already offered. The complainant did not accept the Ombudsman's final decision. The Ombudsman's decision was therefore not binding upon the bank.