



Case study: Banking

COMPLAINANT'S CONFUSION ABOUT BUSINESS BANK ACCOUNT CLOSURE RESULTS IN LOSS

Themes: Terms and conditions; account closure; business bank account; process and procedures; advance notice of bank action.

This complaint relates to the closure of a complainant's business bank account because the bank failed to address the complainant's confusion and uncertainty regarding the bank's request for information.

In 2020, Miss P's bank sent emails stating that in order to maintain the business account held with them they required up-to-date information. In January 2021, as the bank had not received a response to these emails, they issued an account closure notification by post. Believing this letter to be suspicious, Miss P contacted the bank by telephone, but they could not assist and stated that someone would call her back. Unfortunately, no-one called Miss P back and Miss P dismissed the matter.

In May 2021, Miss P received notification that her business account had been closed. This resulted in difficulties for Miss P to manage her business. Miss P had to spend considerable time contacting the bank to ensure transactions continued. The bank did allow transactions to be processed sporadically, but Miss P's business account had remained inaccessible for two days. Miss P finally restored her business banking arrangements but made a complaint to her bank for the lack of clarity, the loss in earnings and the distress she had experienced during this time. The bank offered £400 compensation for their error in not contacting Miss P to resolve the situation in January 2021, but Miss P rejected their offer and referred her complaint to CIFO.

CIFO investigated and found that the bank's terms and conditions allowed for the closure of Miss P's business account, as updated information had not been provided, and this was a regulatory requirement to maintain the account facilities. However, CIFO felt that the bank should have contacted Miss P in January 2021 to provide reassurance and re-emphasise the impact that not providing the requested information would have on the business account. CIFO also felt that the bank should have considered sending Miss P a fresh notice of termination before closing the business account. CIFO concluded that during the period when Miss P had no business account facilities and was engaged with the bank to decipher the problem, she had lost approximately £850 in business income.

Therefore, CIFO upheld the complaint and recommended the bank compensate Miss P £850 for the financial loss and £500 distress and inconvenience award to reflect the time and effort Miss P spent dealing with the matter. However, the bank did not accept CIFO's recommendation and challenged the amount awarded for loss of income. CIFO took this into consideration and reduced the loss of income value to £570, consequently recommending the bank compensate a total of £1,070.