



Case study: Banking

BANK ACCOUNT CLOSURE DUE TO REGULATORY REQUIREMENT LEADS TO COMPLAINT

Themes: Account closure; CIFO's statutory time limit; commercial judgement

This complaint related to the closure of a complainant's joint bank account, the proceeds from an investment portfolio that had been paid into the bank account and an existing complaint.

In 2015, Mr & Mrs D transferred an investment portfolio away from their bank. This was because of a complaint they had made about the bank in 2010 to the local regulatory authority which they believed was still ongoing. In January 2016, the bank received a final payment from one of Mr & Mrs D's portfolios that had gone into liquidation, and this was credited to their bank account which they still held with the bank because of the ongoing complaint issue.

In November 2020, the bank wrote to Mr & Mrs D advising closure of their account, but Mr & Mrs D objected to the closure and the bank later started to apply a monthly charge to their joint account. Later, the bank advised they could no longer maintain the account due to regulatory issues and again advised that the account would soon be closed. Mr & Mrs D took their complaint to CIFO as they believed the closure of the bank account would sever the link to their earlier unresolved complaint and that the bank had failed to deal with the proceeds of the liquidated portfolio in accordance with their previous instructions.

CIFO investigated and advised Mr & Mrs D that CIFO could not review the earlier complaint as the event had occurred more than 6 years prior to bringing their complaint to CIFO and therefore fell outside of CIFO's statutory mandate. CIFO also explained to Mr & Mrs D that CIFO will not generally review complaints if they concern the legitimate exercise of a financial service provider's commercial judgement, which includes decisions to terminate a relationship with a customer. This is in line with CIFO's policy on factors that CIFO considers in rejecting complaints. As commercial entities, banks are entitled to choose who they do business with and may terminate relationships with customers at their discretion and in accordance with the terms and conditions. CIFO would normally expect appropriate advance notice be given before the account closure. CIFO concluded that the bank's actions regarding the final portfolio payment were not unreasonable and noted that the bank had provided adequate notice to Mr & Mrs D of the account closure. CIFO did not uphold the complaint.