



Case study: Banking

BANK ACCOUNT CLOSURE RESULTS IN INCONVENIENCE

Themes: Terms and conditions; dormant account; process and procedures; distress and inconvenience.

This complaint relates to a complainant's bank account deactivation and the inconvenience and misunderstandings caused when attempting to reactivate it.

In April 2021, Mr E tried to pay cash into his bank account using an ATM but was unsuccessful. Mr E then tried to withdraw funds from the same bank account using the same ATM machine but was again unsuccessful. Mr E visited his bank and was told the issue was that his bank account had been inactive, making it 'dormant'. Mr E's funds were returned to him. Mr E was told that in order to remove the 'dormant' status and make the account fully functional he would need to provide a copy of his passport and proof of address. Mr E returned to the bank with the requested documentation and the bank manager completed a form required to reactivate the bank account. The bank manager disclosed Mr E's bank account balance as approximately £7,000 on the form.

In June 2021, Mr E checked the ATM many times, to see if he could withdraw funds. When his account was eventually reactivated it showed a balance of approximately £20. Mr E made a complaint to the bank and was advised that the figure quoted on the reactivation form was provided by Mr E to the bank manager at the time of completion. The bank offered Mr E £175 in compensation for the distress and inconvenience the reactivation process had caused. This compensation included the cost of travel Mr E incurred getting to and from the bank and telephone calls Mr E had made to the bank. Mr E did not agree and referred his complaint to CIFO.

CIFO investigated and noted that whilst the bank had provided poor service, there was no evidence to indicate Mr E ever had a balance of £7,000 in his account. Mr E advised CIFO that the bank manager had confirmed this balance and that these were payments he had received from an overseas pension plan. CIFO reviewed Mr E's bank statements which indicated that no activity had been present on the account for approximately 5 years. CIFO noted that the only document which suggested Mr E had funds valued at approximately £7,000 was the form submitted by the bank manager to reactivate the account in April 2021. CIFO requested Mr E to confirm the pension payment was credited to his account and at this point Mr E stated this was based on the fact that an acquaintance had received a pension payout. Therefore, CIFO concluded that no funds were missing and that the bank had operated in accordance with their terms and conditions regarding dormancy to deactivate a bank account that has not been used within a 12-month period. Mr E's bank was not required to provide notice before deactivating the bank account. Mr E had spent considerable time and had suffered distress and inconvenience dealing with the deactivation. CIFO upheld the complaint in part and felt the £175 compensation already offered to Mr E sufficiently reflected the level of inconvenience Mr E had suffered.