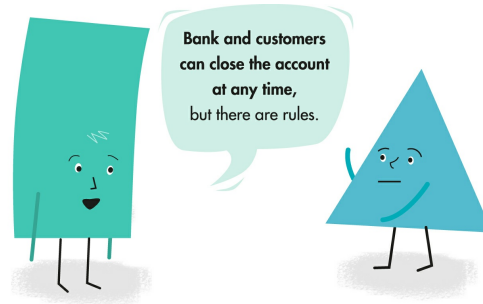


Closing accounts

Neither a bank nor a customer is obliged to continue their relationship, but there are some rules about how to end it, and for what reasons.



A bank can end its relationship with a customer at any time, just as a customer can move to another bank at any time. A customer may move because a competitor offers a better deal or because the relationship with the bank is unsatisfactory or has broken down. A bank may decide to close a customer's account because of how that person has been operating it, or because of regulatory requirements, or because the bank also feels the relationship has broken down. Banks are under no obligation to continue doing business with a person or company, but they should not close an account without good reason.

However, difficulties can arise when a bank ends its relationship with a customer based on its perception of customer conduct. It can be extremely confronting for a customer to be accused of abusive and threatening behaviour, particularly if the customer considers they did not act that way and/or the bank contributed in some way to the situation – for example, by making an error.

A decision to exit a customer on conduct grounds should therefore be handled with care. The Code of Banking Practice requires banks to act fairly, reasonably and in good faith. We consider this means the bank should, when considering closing a customer's account:

- ensure the assessment is made by someone independent, who has not been directly involved in interactions with the customer
- examine all available information, including, if possible, CCTV footage
- keep an open mind to the possibility that staff may have acted inappropriately
- consider whether another course of action besides closure would suit everyone's interests, such as a warning to the customer or offering remote banking services only

The process

Generally, a bank should not close your account without giving reasonable notice, which typically means giving

you enough time to make alternative banking arrangements. Usually we would view "reasonable" as at least 14 days' notice.

In some limited circumstances, however, a bank can close your account without giving you any notice. These may include:

- if a bank is complying with a court order
- if you have fraudulent activity related to your account
- if you have breached the bank's terms and conditions
- if you have acted abusively towards bank staff.

A bank does not have to explain why it is closing a customer's account, although in most cases banks follow good practice and give a reason. This gives the customer an opportunity to respond if the bank has misunderstood the facts of a situation or made a mistake.

A bank must return all the money in a customer's account at the time it closes the account, less any interest or fees that apply. A bank normally does this by transferring the money to the customer's new bank account.

How we look at closure complaints

Complaints about a bank closing an account usually involve a customer challenging the bank's reasons for doing so. Two of the most common reasons why a bank closes an account are:

- the customer has used the account inappropriately – for example, the account is continually going into unarranged overdraft
- the customer has abused a staff member in some way, either verbally or physically.

In the first situation, it can be costly for a bank to monitor an account that is in overdraft. Therefore, a bank may decide that it does not wish to continue to offer this facility to a customer.

In the second situation, a bank has a duty as a good employer to protect its staff from abuse and violence. In these circumstances, we would expect a senior member of the bank who was not subjected to the abuse to make the decision to close the account.

Most people who complain to us about their account being closed want us to either stop the bank from closing their account or to get the bank to reopen their account. However, although we can award compensation for direct loss or inconvenience if we find some wrongdoing in the way the bank closed the account, we cannot require a bank to stop the closure of an account or reopen one.

If a complaint is solely about a bank's decision to close an account, and there are no concerns about how it was done (such as if the bank failed to give adequate notice), then it is unlikely we will investigate.

A bank may also need to consider closing accounts if it is unable to meet regulatory requirements, such as anti-money laundering legislation (see our [AML Quick Guide](#)) or international tax compliance regulations (more information is [available here](#)). Banks are required to collect certain information about customers and others involved with an account. Such information may include the customer's identity, place of residence, tax residence status and source of money credited to accounts. If the information is not received, the bank may cease doing

business with a customer.



Your account may be closed without notice if it has been used inappropriately or if your conduct towards a staff member is abusive.