

The complaint

Mr D complains that the Monmouthshire Building Society unreasonably closed three children's savings accounts he was the trustee for. He would like the lost interest and compensation for the distress caused.

What happened

Mr D was the trustee for three Young Saver accounts held with Monmouthshire Building Society. In February 2023 he requested two payments be made from two separate accounts, but these payments weren't actioned, with the building society telling him there were IT issues.

Instead, Monmouthshire wrote to him saying they'd be closing the accounts immediately. The letters enclosed cheques for the balances. But the first Mr D heard of this was when he phoned the society to complain several days later.

Unhappy with this Mr D complained to Monmouthshire about the closures, and the lack of communication. The building society responded to say they'd closed the accounts in line with the terms. But they apologised that they hadn't been able to assist on phone calls, but they didn't offer to do anything further.

Dissatisfied with this answer Mr D referred his complaint to our service. One of our investigators looked into what happened but didn't think Monmouthshire needed to do anything further. They thought the accounts had been closed in line with the terms of the account, and the building society didn't have to give a reason for doing so. They also felt that the balances on two of the accounts were higher than allowed under the terms.

Mr D disagreed, saying that he hadn't breached the terms of the account – as the accounts he held had a higher balance allowed. He also said the response didn't address the inconsistent information he'd been given by Monmouthshire.

As no agreement could be reached the complaint was passed to me to decide. I issued my provisional decision which said:

The Monmouthshire, like all regulated financial businesses in the UK, have a broad commercial discretion over who they provide accounts to. It would be rare for our service to say a building society should have continued to service an account, unless there was very good reason to do so.

In this case the terms of the accounts Mr D was a trustee for allow for the account to be closed for any reasonable reason, so long as two months' notice is given. But in this case the accounts were closed with no notice. The terms only allow for this in limited circumstances. Monmouthshire aren't under any specific obligation to explain their reasoning for closing the accounts with Mr D. So, while I'm sure he would like to know the precise reasoning, the building society don't need to provide this to him.

But Monmouthshire have provided their reasoning to our service. The rules of our service allow us to receive certain evidence in confidence, subject to the discretion of the ombudsman. We may treat evidence in confidence for several reasons, such as if it contains security procedures, or it is commercially sensitive. I'm satisfied it's appropriate for this reasoning to remain confidential, so I won't be able to detail it in full here. But having considered the reasoning and the available evidence, on balance I'm persuaded the immediate closure was reasonable and in line with the terms of the account. The funds in the accounts were returned promptly by cheque, which is fair.

Mr D has questioned the investigator's statement that the accounts held more funds than allowed, and this would be a breach of the terms. He's supplied the terms from when the accounts were open – and these demonstrate the balance on all three accounts was lower than the maximum allowed. But I'm satisfied this has no bearing on Monmouthshire's decision to close his account.

I've considered what Mr D has said about being given conflicting information about the closure, such as being told it was part of a project to close older children's savings accounts. I've no doubt this would have been frustrating. But as mentioned Monmouthshire aren't obliged to explain their reasoning for closing the accounts to him. But I agree the building society could have been clearer on this point with him. But I can't see this would have had an impact on the running of the accounts – by this point the accounts had been closed and funds returned. So, I'm not persuaded the building society need to do anything further.

The Monmouthshire didn't respond to the provisional decision. Mr D responded to say he'd been given a reason for the closure by the Monmouthshire and felt this had been untrue. He thought the complaint should be upheld on that basis.

It now turns to me to consider all the evidence afresh.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Having done so I remain satisfied with the conclusions reached in the provisional decision. The Monmouthshire have a broad commercial discretion to decide who they provide accounts to. On balance I'm persuaded they made a reasonable decision to close the accounts that Mr D was the trustee of, and this was in line with the terms of the account.

The Monmouthshire don't have to provide a reason for closing the account, and it's reasonable that they've declined to do so. I've considered what Mr D has said about being given a reason that may have been inaccurate – in the provisional I accept there was conflicting information provided.

Ultimately, my role isn't to punish a financial business for failures on their part. Instead, it is to ensure that the complainant is restored to the position they would have been in had the failure not happened, as well as award what I consider to be fair compensation for the impact of that failure.

I do not see this will have any material impact on the account closure. Mr D has accepted this point in his response. And I'm minded any distress or inconvenience caused would be minimal, so I do not see it appropriate for the Monmouthshire to do anything further.

My final decision

My final decision is I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 30 July 2024.

Thom Bennett
Ombudsman