

from **Abby Thomas**
Chief Executive and Chief Ombudsman

Harriett Baldwin MP
Chair, Treasury Committee

write to **Financial Ombudsman Service**
Exchange Tower
London
E14 9SR

By email

phone 020 7964 1000

6 October 2023

Dear Ms Baldwin,

Financial Ombudsman Service de-banking complaint data

Thank you for your letter of 12 September requesting data about complaints brought to our service relating to de-banking. I am pleased to provide our response.

De-banking data

The table below summarises the volume of new cases we have received relating to a complaint about an account closure in the current financial year and the three previous financial years, and the number of cases resolved. We have also identified the number of complaints from small businesses included within the totals for the last couple of years, and provided the uphold rates.

	New cases	<i>inc. business</i>	Resolutions	uphold rate	<i>inc. business</i>	uphold rate
1.4.20 - 31.3.21	2,289		1,471	24%		
1.4.21 - 31.3.22	2,536		2,314	27%		
1.4.22 - 31.3.23	2,708	365	3,668	26%	303	26%
1.4.23 - 27.9.23	1,613	264	1,313	32%	187	26%

[Appendix A](#) sets out this data in more detail.

You'll see in the appendix that we handle two types of account closure cases, which we track differently in our systems. Our 'general' account closure cases encompass situations where there is no sensitive information — for example, the account has been closed due to inactivity, the firm has decided to exit part of the market, or the customer has provided insufficient information in response to a standard process (e.g. a Know Your Customer check).

We also handle cases where there are financial crime concerns, money laundering concerns or where the complaint involves a politically exposed person. We call these 'restricted' account closure cases, so that we can ensure firm boundaries around the sensitive information we receive.

As shown in the data in the appendix, we handle far more 'general' account closure cases than 'restricted' cases, which indicates broadly the types of de-banking issues most commonly giving rise to complaints.

You'll also see in the appendix that we've provided data split by current account, savings account and electronic money account (e.g. PayPal). We believe these are the products

currently of interest in relation to de-banking. There are many other financial services products which a provider might terminate, but we have not covered those here.

There are a few limitations to the available data which it is important to note:

- Your letter asked for data from 2018 but, due to a change in our case management systems and complaint taxonomy, we do not have reliable comparable data from that time. We have provided data from 2020/21, which gives three complete years and the current year to date. We believe this provides robust evidence from which to discern any trends.
- Your letter also asked us to identify complaints from business customers. However, we only included a tag within our case management system by which to identify a business customer from mid-2021. Therefore, this split isn't available until the 2022/23 financial year. For clarity, the total numbers in prior years will still include business complaints but we're unable to split them out separately.
- Due to the way in which we manage our 'restricted' cases, we can identify the number of new cases received but not the number resolved. Therefore, we've applied a calculation based on the resolution rate for 'general' account closure cases to give an estimate. We believe this will provide a reliable estimate as the ratio of resolutions to new cases in a year is not materially different for 'restricted' cases from 'general' cases.

Trends in the de-banking complaint data

Your letter asked for our interpretation of the trends shown in the data. Our thoughts are as follows:

- When looking for trends in case volumes to indicate possible market activity, the volume of new cases is more informative than resolutions. There was a spike in resolutions in 2022/23, but this was principally because we dedicated additional internal resource to reduce our backlog rather than anything external.
- The volume of new account closure complaints brought to our service has been increasing over recent years, rising by 11% between 2020/21 and 2021/22, and by a further 7% between 2021/22 and 2022/23. The appendix shows that this increase has been principally driven by more 'restricted' cases, suggesting that over the last couple of years banks might have been closing more accounts due to financial crime concerns.
- In the current year, the total volume of account closure complaints looks set to increase again, possibly by around 18% compared with last year. However, as shown in the appendix, this increase appears driven by more 'general' account closure cases. This suggests that, recently, banks might have been closing more accounts for reasons such as account inactivity, their own commercial reasons (e.g. exiting parts of the market) or due to incomplete information from customers in response to standard processes (e.g. Know Your Customer checks).
- The uphold rate does fluctuate year on year but has remained relatively consistent over time and is still below the average for our service ([35% in 2022/23](#)).

Trends in general banking complaint data

You also asked in your letter about trends in the complaints we receive about banking products and services more generally.

The main trend to draw to your attention is a continuing rise in the volume of complaints we receive relating to frauds and scams, as set out in the table below.

	All fraud and scams		Authorised push payment (APP) scams	
	New cases	uphold rate	New cases	uphold rate
1.1.22 - 30.6.22	9,094	52%	4,512	60%
1.7.22 - 31.12.22	10,535	44%	5,326	53%
1.1.23 - 30.6.23	13,252	47%	6,494	53%

In the first half of 2023, current accounts were our most complained-about product, with complaints up by a third compared with the same period last year, but this rise was driven principally by an increase of around 45% in fraud and scam complaints.

This continues the trend of recent years, in which we have seen increasing complaints about frauds and scams.

I hope this information is helpful to you. I understand that my team has already been in contact with your support team about your request, but please do let me know if you require any further information.

Yours sincerely,



Abby Thomas
Chief Executive and Chief Ombudsman

Appendix A

Account closure data							
General account closure cases							
	Period	New cases	inc. business	Resolutions	uphold rate	inc. business	uphold rate
Current account (including business current account)	1.4.20 - 31.3.21	1,700		1,138	25%		
	1.4.21 - 31.3.22	1,683		1,507	28%		
	1.4.22 - 31.3.23	1,778	282	2,389	26%	280	27%
	1.4.23 - 27.9.23	1,183	222	967	32%	175	26%
Savings account	1.4.20 - 31.3.21	110		77	20%		
	1.4.21 - 31.3.22	96		104	25%		
	1.4.22 - 31.3.23	105	1	130	26%	1	0
	1.4.23 - 27.9.23	60	0	42	35%	0	0
Electronic money	1.4.20 - 31.3.21	228		100	16%		
	1.4.21 - 31.3.22	276		266	23%		
	1.4.22 - 31.3.23	200	23	298	25%	22	19%
	1.4.23 - 27.9.23	108	19	90	36%	12	27%
TOTALS	1.4.20 - 31.3.21	2,038		1,315	24%		
	1.4.21 - 31.3.22	2,055		1,877	27%		
	1.4.22 - 31.3.23	2,083	306	2,817	26%	303	26%
	1.4.23 - 27.9.23	1,351	241	1,099	32%	187	26%
Restricted account closure cases							
	Period	New cases		Resolutions (estimate)			
Current account	1.4.20 - 31.3.21	169		113			
	1.4.21 - 31.3.22	332		297			
	1.4.22 - 31.3.23	469		630			
	1.4.23 - 27.9.23	207		169			
Savings account	1.4.20 - 31.3.21	0		0			
	1.4.21 - 31.3.22	0		0			
	1.4.22 - 31.3.23	11		14			
	1.4.23 - 27.9.23	4		3			
Electronic money	1.4.20 - 31.3.21	54		24			
	1.4.21 - 31.3.22	89		86			
	1.4.22 - 31.3.23	86		128			
	1.4.23 - 27.9.23	28		23			
Business current accounts	1.4.20 - 31.3.21	28	28	19			
	1.4.21 - 31.3.22	60	60	54			
	1.4.22 - 31.3.23	59	59	79			
	1.4.23 - 27.9.23	23	23	19			
TOTALS	1.4.20 - 31.3.21	251	28	156	-	-	-
	1.4.21 - 31.3.22	481	60	437	-	-	-
	1.4.22 - 31.3.23	625	59	851	-	-	-
	1.4.23 - 27.9.23	262	23	214	-	-	-
		New cases	inc. business	Resolutions	uphold rate	inc. business	uphold rate
TOTAL ACCOUNT CLOSURE NEW CASES	1.4.20 - 31.3.21	2,289		1,471	24%		
	1.4.21 - 31.3.22	2,536		2,314	27%		
	1.4.22 - 31.3.23	2,708	365	3,668	26%	303	26%
	1.4.23 - 27.9.23	1,613	264	1,313	32%	187	26%