

Determination

Case number: 624946

27 August 2019

1 Determination overview

1.1 Complaint

The complainant held credit card ending 242 (account) with the financial firm.

On 31 January 2018 the complainant:

- telephoned the financial firm to ask how much he need to pay to close the account
- paid \$40.56 towards the account to close it.

The financial firm says on 6 February 2018, a closure request was submitted to its relevant department. However, the account was not closed and, as a result, it interest and late payment fees were added. On 19 November 2018, the financial firm issued a default notice to the complainant. The complainant also continued to receive monthly account statements and other correspondence for the account.

1.2 Issues and key findings

What is an appropriate outcome for this complaint?

The financial firm acknowledges that it did not close the account when it ought to have. In the circumstances, and in light of the nature of the financial firm's correspondence, the financial firm should pay a total of \$1,500 for non-financial loss and take the steps outlined in section 1.3.

1.3 Determination

This determination is in favour of the complainant. Within 14 days of the complainant accepting this determination, the financial firm must:

- pay \$1,500 non-financial loss into an account nominated to him
- if it has not already done so, delete any adverse repayment history it has recorded against the complainant's credit file
- update the account details with each credit reporting body to show the account is closed, and
- take steps to ensure the account is permanently closed.

2 Reasons for determination

2.1 What is an appropriate outcome to this complaint?

Financial firm did not appropriately action the complainant's request to close the account

It is undisputed that on 31 January 2018, the complainant:

- telephoned the financial firm and asked how much he needed to pay to close the account, and
- paid \$40.56 towards the account.

As both parties agree the call occurred on 31 January 2018, I am satisfied the amount paid by the complainant reflected what the financial firm representative told him was required to finalise and close the account.

After receiving this payment, the financial firm ought to have promptly actioned the complainant's request to close the account. The financial firm's notes suggest that it did refer the closure request to an appropriate department. Given interest continued to accrue against the account and statements continued to be issued, it is clear the account was not appropriately closed. It is not entirely clear why the financial firm was unable to close the account. In responding to this complaint, the financial firm has not fully explained why it was not able to action a relatively straight forward and simple request.

Complainant is entitled to non-financial loss

Following the 31 January 2018 telephone call and payment, the bank continued to issue account statements. The information shows electronic statements have been emailed to the complainant up until at least June 2019.

After it received the complainant's instructions to close the account, and received the final payment of \$40.56 on 31 January 2018, the financial firm ought to have taken prompt steps to close the account. I do not consider the bank has acted in accordance with acceptable industry practice by failing to implement the complainant's instructions. The complainant wanted the account to be closed and was entitled to expect the financial firm would promptly action his request. That expectation was not met.

As a result of the financial firm's conduct, I am satisfied the complainant is entitled to an award for non-financial loss. Non-financial loss includes claims for stress or inconvenience caused by an error of a financial firm. The maximum amount the Australian Financial Complaints Authority (AFCA) can award for non-financial loss is \$5,000 for each claim.

AFCA takes a conservative approach to non-financial loss and will only award such compensation if there has been an unusual degree or extent of inconvenience. I am satisfied the complainant has suffered a level of stress and inconvenience because of the financial firm's conduct that warrants an award of non-financial loss. The complainant was proactively trying to manage his financial affairs and close the account.

The financial firm's collection notes show that on 18 November 2018, it issued a default notice to the complainant. I have not been provided a copy of the default notice however I am satisfied once was sent. The account statements immediately before this time show the charges on the account were nominal interest charges and weekly \$10 late payment fees. Had the account been properly closed by the financial firm, the account would not have continued to accrue interest or late payment fees. I accept that receiving a default notice would have caused the complainant to experience a level of stress and frustration.

I also note that more recently, the complainant has received at least two emails from the financial firm stating that it is unable to close the account as he has requested because new transactions have been debited from it. The emails are dated 25 May and 27 June 2019. I understand the transactions these emails refer to are for interest that has been debited from the account. Again, had the financial firm properly actioned the complainant's request to close the account, these emails would not have been sent. Receiving these emails would only have exacerbated the complainant's frustrations, especially given they were sent after he had lodged this complaint.

Taking into account all of the information, I consider the complainant is entitled to an award of \$1,500 non-financial loss. This amount is comprised:

- \$500 for the financial firm's failure to properly close the account following the 31 January 2018 telephone conversation
- \$500 for the financial firm's conduct in issuing a default notice on 18 November 2018, and
- \$500 for the financial firm continuing to send account statements and emails advising that it cannot close the account because of transactions.

In addition to the non-financial loss outlined above, and if the financial firm has not already done so, it should also immediately:

- remove any adverse repayment history it has recorded against the complainant's credit file with a credit reporting body
- update the account details with each credit reporting body to show the account is closed, and
- take steps to ensure the account is permanently closed.

3 Supporting information

3.1 Approach to this complaint

This complaint has been determined based on what is fair in all the circumstances, having regard to the relevant law, good industry practice, codes of practice and previous decisions of the AFCA or its predecessor schemes (which are not binding).

A full exchange of the relevant information has taken place between the respective parties. Each party has had the opportunity of addressing any issues raised.

All the provided material has been reviewed and considered. The parties have raised numerous issues in their submissions to AFCA. However, commentary in this determination is restricted only to those issues considered relevant to the outcome.