

Before the Arbiter for Financial Services

Case ASF 350/2025

PW

(‘Complainant’)

vs

Bank of Valletta p.l.c.

(C-2833)

(‘BOV’, ‘Bank’, or ‘Service Provider’)

Sitting of 15 June 2026

The Complaint¹

Complainant holds that Bank of Valletta are being unfair and not transparent in forcing closure of his Account in terms of their letter of notice dated 02 December 2025 giving him 2 months’ notice².

He accuses BOV of:

- Lack of due process and unprofessional tone;
- Lack of justification and unwillingness to review their decision;
- Poor customer relations following difficult experience with an application for a home loan.

He requests the Arbiter to investigate the matter and as a resolution he expects the Arbiter to compel BOV to provide a detailed, transparent and fair justification for their decision to close his account, and to allow a period of six months to permit smooth transition of his account to another institution.

¹ Pages (p.) 1 - 6 and attachments p. 7 - 14

² P. 12

He asserts that the Bank's decision was reached without seeking any clarification or open a dialogue on any issue which motivates the Bank's decision. He finds such approach as arrogant especially as he had been a loyal customer of the Bank for nearly 10 years³.

The Reply⁴

In their reply of 27 December 2025 BOV stated:

'Whereas the Bank's right to terminate a payment service is established under its General Terms and Conditions and reflected in Maltese law through Directive No. 1 of the Central Bank of Malta, which transposes the Payment Services Directive 2 (PSD2). This framework allows a payment service provider to terminate a framework contract for an indefinite period by giving at least two months' notice:

"If agreed in the framework contract, the payment service provider may terminate a framework contract concluded for an indefinite period by giving at least 2 months' notice".⁵

Whereas the Bank's General Terms and Conditions reflect the above-mentioned provision and stipulate the following in regard to termination of banking services:

*"This Agreement is for an indefinite term. However, we may terminate this agreement or cancel or suspend the use of the Channels at any time **by giving you two (2) months' notice** in writing or such other shorter notice period as may be allowed by law, except where the Channels or the Account have been or are likely to be misused or in the event of any other serious reason including breach or possible breach by you of these Terms and Conditions, in which case,*

³ P. 14

⁴ P. 19 – 22 and attachments p. 23 - 57

⁵ Article 31(4), CBM Directive 1

termination, cancellation or suspension will be immediate.”⁶

Whereas the Bank complied fully with this requirement by issuing the termination notice on the 2nd December 2025⁷ granting two months to arrange alternative banking services;

Whereas the letter clearly instructed the Complainant to provide alternative bank details for the transfer of any remaining balance, failing which the funds would be placed in a zero-interest suspense account. This demonstrates that the Bank acted with transparency and in line with applicable law;

Whereas the Complainant's characterisation of the letter of the 2nd December 2025 as “unnecessarily threatening”⁸ is contradicted by the wording of the letter itself, which is neutral and procedural;

Whereas the Bank is under no obligation to invite a customer to a meeting, to engage in pre-notice dialogue, or to provide a detailed exposition of grounds prior to exercising a termination with notice;

*Whereas the Bank's discretion to determine whether a customer falls within its risk appetite has been affirmed by Maltese courts. In *Mohammed Hanif noe vs Bank of Valletta p.l.c. (465/2015)*, decided by the First Hall, Civil Court on the 6th March 2023, and confirmed by the Court of Appeal on the 27th October 2023, the Court held that it is left to the banks to determine whether the activities of their clients fall within the risk limits the bank is comfortable with.⁹*

Whereas the Bank is subject to legal and regulatory duties that, in certain circumstances, limit the level of detail that may be shared regarding the considerations underpinning a decision to discontinue a banking relationship. Acting within this framework, and following a proportionate process, the Bank exercised its contractual right to

⁶ DOC. A: BOV General Terms and Conditions, page 22.

⁷ P. 12

⁸ P. 3

⁹ “Huwa mħolli f’idejn il-banek li jiddeterminaw jekk l-attivitajiet tal-klijenti tagħhom jaqgħux fil-limiti tar-riskju li l-bank ikun komdu bihom.”

terminate the relationship with the Complainant and is not in a position to continue providing him with banking services;

Whereas in view of the above, the Bank respectfully submits that the Complainant's claims are unfounded in fact and in law.¹⁰

Hearing

During the hearing of 16 March 2026, the Complainant largely restated his case as explained in the complaint and confirmed that he also holds another business account with another local bank regarding which he has no issues.

On being cross-examined, he stated:

'Asked whether we agree that my complaint mainly concerns the letter dated 2 December 2025, giving me a notice of termination, I say that nothing was written in the letter only the decision to close the account without telling me the reason why the account should be closed or what happened.

It is said that my main grievance in the manner of communications seems to revolve around that the letter was unnecessarily threatening.

Asked to point out the phrase which I deem to be unnecessarily threatening, I say that it is threatening in the sense that I just read it with no prior notification and the tone of the letter without any explanation or telling me the reason for this decision.

However, as a competent or a reputable institution like Bank of Valletta, sending such an email without showing any explanation or telling you; you do not just tell someone that you're closing their account without any reason. And in this case, a client that has been a customer for almost a decade without any explanation. And it is like a shock because I have been using the account for all my activities, including my salaries and all my income.

Asked whether my sole source of income is the salary from my profession at XXXX, I say, no. I have other sources of income including children allowance and money I also earn from my business abroad.

I have a business in XXX. I buy and sell properties in XXX. I declare everything to Bank of Valletta. Even in my last declaration, they asked me to update my

¹⁰ P. 20 - 21

account. I provided the information. And, also, there was a time I worked as a XXX.

Asked by the Arbiter whether the account is used for my salary and for my business in property dealing in XXX, I say, yes, and for a part-time job as a XXX here in Malta I had in the past.

Asked whether I deposited cash in my account, I say, yes, I have instances where I deposited cash representing my part-time work and some money I earned from our XXX abroad. And when I sold my car and other things, some of them were paid in cash, I deposited them and I declared all of them when I was asked to provide information.

Asked whether I only receive my salaries within this account with Bank of Valletta and whether I have any other accounts, I say I only have with Bank of Valletta.

The Arbiter reminds me that I said that I have another account with another bank. I say I never used them until recently, I have not been using them. I have opened them but they are dormant.

Asked whether I opened the account after I received the letter from Bank of Valletta, I say, I opened it before because there was a time when I wanted to buy property but I never used it. The point is that I even informed Bank of Valletta about it when they asked me and I told them that I've not been using it. However, I started using it recently when they gave me notification to close the account.

Asked whether I accept that the letter gives me two months' notice to arrange alternative banking services, I say, I did not accept it.

Asked whether after receiving the termination letter, I contacted the bank about it, I say, yes, absolutely. And I wrote to them to explain to me and I also pleaded with them because I was shocked. And, as I said initially, and having lived in other countries and places, I do not want to say the word 'crude', but I've never seen such unfair treatment by a reputable institution because I still respect Bank of Valletta. They have been good. Honestly, apart from this recent experience and the issue with the loan they have been good. I appreciated it, and that's why I have been using them as my sole account for other things because I enjoy the service given by them apart from this issue.

*So, it was really a shock because I had all my income there including money given to us for our XXX and the XXX.*¹¹

On their part, BOV re-emphasised that they cannot give more information to what is stated in their reply as the Bank has concluded, for reasons it cannot disclose, that the relationship has fallen outside their risk appetite.

Final submissions

In their final submissions, the parties largely restated their case as explained in the complaint, the reply and the evidence during the hearing.

Analysis and consideration

The Arbiter takes into consideration the following points in arriving at his decision based on fairness, reasonableness and equity as he is required to do by article 19(3)(b) of CAP. 555:

1. The only right a consumer has to a basic payments account (BPA) is that provided by EU Directive 2014/92/EU¹² transposed into Maltese law by S.L. 371.18¹³. This right is subject to certain conditions and is only applicable to natural persons who do not have any other bank account and is to be used for their personal banking requirements. Business transactions are excluded from the operation of such basic payments account.
2. A bank is a commercial enterprise and makes profits from servicing its clients. There must be some strong reason why it should decide to terminate a 10-year-old relationship.
3. By virtue of the financial services legislative framework to which banks are subject, certain information and reasons for actions taken could be restricted from being divulged. It is also up to the bank to determine the level of risk appetite which it is comfortable with as outlined in the Bank's reply.

¹¹ P. 59 - 61

¹² <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014L0092>

¹³ <https://legislation.mt/eli/sl/373.1/eng/pdf>

4. Banks are obliged to give at least 2 months' notice of closure of an account and termination of a relationship but may consider allowing a longer period depending on the circumstances.
5. A decision to close accounts and terminate a relationship should be a last resort decision after all else fails and should be taken with due consideration allowing for exploration of possible less drastic arrangements.
6. Retail banking is a highly competitive market, and consumers have a free choice to take their custom to whichever provider offers them a better service as, in fact, a loan application declined by BOV was approved by another bank.

In the particular circumstances of this case, the Arbiter does not have clarity on the reasons why BOV arrived at a decision to terminate a 10-year-old decision which evidently was, until a certain point, acceptable and profitable to both parties.

However, the Arbiter does not fault BOV for their scarcity of disclosures, in light of the considerations outlined above.

Furthermore, under the current framework, the Arbiter is not the appropriate authority to pass judgement on matters of such nature.

The Arbiter bears in mind the fact that the Complainant has admitted he has an account with another bank in Malta, so he has no right to a BPA for reasons above described.

Furthermore, the Complainant admitted he uses his account to deposit cash from his part-time work as a medical professional outside the public service and, also, to credit the account with proceeds of property business dealings he conducts in his home country Nigeria.

The criteria of justice, equity, and reasonableness

The Arbiter is aware that case ASF 071/2021,¹⁴ stated that the fact that the bank was not free to speak clearly about the reasons why it wanted to terminate the

¹⁴ <https://financiararbiter.org.mt/sites/default/files/oafs/decisions/232/ASF%20071-2021%20-%20NH%20vs%20Bank%20of%20Valletta%20plc.pdf>

relationship with its customer, still compels the Arbiter to decide according to the criteria of justice, equity, and reasonableness.

While the Arbiter fully agrees with the argument that the criteria of justice, equity, and reasonableness should be the main guide to his decisions, he does not feel that in this case, he should use the same yardstick as in case ASF 071/2021, because:

1. In the meantime, the bank's right not to enter into risks it is not comfortable with was sanctioned by a decision of the Court of Appeal in 2023.¹⁵
2. In this case, the Complainant has a banking relationship with another bank that is still active.
3. Banks have varying risk appetites for different economic sectors.

Decision

For the reasons explained above, the Arbiter hereby dismisses this Complaint and does not prevent or interfere with BOV's choice of risks it is willing to accept in its business.

The Arbiter does not consider BOV notification of 02 December 2025 as lacking due process and unprofessional. As explained, there are circumstances where a bank is constrained by regulation from divulging more information about the motivation of their decision. However, this does not mean that such decision is scant of proper motivation or was arrived at lightly without due process.

Each party is to bear its own expenses of these procedures.

Alfred Mifsud
Arbiter for Financial Services

¹⁵ P. 21 - First Hall Civil Court 465/2015 Mohammed Hanif noe vs Bank of Valletta p.l.c.

Information Note related to the Arbiter's decision

Right of Appeal

The Arbiter's Decision is legally binding on the parties, subject only to the right of an appeal regulated by article 27 of the Arbiter for Financial Services Act (Cap. 555) ('the Act') to the Court of Appeal (Inferior Jurisdiction), not later than twenty (20) days from the date of notification of the Decision or, in the event of a request for clarification or correction of the Decision requested in terms of article 26(4) of the Act, from the date of notification of such interpretation or clarification or correction as provided for under article 27(3) of the Act.

Any requests for clarification of the award or requests to correct any errors in computation or clerical or typographical or similar errors requested in terms of article 26(4) of the Act, are to be filed with the Arbiter, with a copy to the other party, within fifteen (15) days from notification of the Decision in terms of the said article.

In accordance with established practice, the Arbiter's Decision will be uploaded on the OAFS website. Personal details of the Complainant(s) will be anonymised in terms of article 11(1)(f) of the Act.