

Upsurge in unsolicited bank account closures recorded in South Africa

Amidst a startling surge in bank account closures across South Africa, the Ombudsman for Banking Services has encountered a mounting wave of dissatisfaction. This issue has gained heightened attention due to Standard Bank's recent move to close accounts affiliated with Sekunjalo-related enterprises, including Independent Media. Remarkably, none of these companies have ever been implicated in wrongdoing.



Source: [Pexels](#)

Since 2022, a staggering total of 227 complaints regarding account closures have inundated the office. What's even more alarming is the precipitous spike in cases – a staggering 134% leap, surging from 67 in 2022 to a staggering 160 cases as of the current year, 2023.

A prevailing theme in these grievances is the abruptness with which banks have terminated accounts, often without any prior notice or explanation.

Fraud, reputational harm, and risk aversion are often cited by banks as reasons for account closures. Additionally, chronic overdrawing, account dormancy, and using accounts in unintended ways contribute to such decisions.

Reana Steyn, the Ombudsman for Banking Services, notes the widespread unease among complainants who, even when provided reasons, express skepticism about their validity.

"It is important to bear in mind that our law and the Conduct Standards for banks [] allow for the closure of an account and termination of the business relationship without the issuance of a notice and reasons, in instances where the bank has reasons to believe that the account is being used for illegal purposes," Steyn said.

"Until our law and acceptable banking practice changes, the banks have the discretion to choose whom they want to continue doing business with. Should the banks decide to exercise their right, which is wholly within their discretion, to close an account and/or terminate the relationship with the customer, our law has clearly set the parameters within which such decision/discretion would be regarded as valid and acceptable in law."

Many, including EFF leader Julius Malema whose bank accounts were also closed without notice, are calling for banks to be more accountable for their actions.

"We are being harassed by the banks and we are being harassed by Afrikaner males who are owning these banks," he said.

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