

## **The complaint**

Mr S complains Lloyds Bank PLC ("Lloyds") closed his account without explanation.

Mr S says Lloyds' actions have prevented him - and his family - from accessing its financial services in the future and caused him substantive distress and inconvenience. To put things right, he wants his account re-opened and compensation awarded to him.

## **What happened**

In November 2022, Lloyds notified Mr S it had decided to close his account in two months' time in line with its terms and conditions - and because it was deemed outside its risk appetite.

Unhappy with Lloyds' actions, Mr S complained explaining, amongst other things, that he did not pose a risk to Lloyds. Lloyds didn't uphold Mr S' complaint. In summary, Lloyds said the terms and conditions of the account allow it to close an account for any reason if two months' notice is given.

Mr S referred his complaint to this service. In his submissions, and in summary, he said:

- He has had the account for many years and only has a modest balance in it, and there's been very little change in his activity for years before the closure
- He's been discriminated against due to his brother's account being closed by Lloyds the previous year, due to him becoming a higher risk. But Mr S has no financial connection to his brother

One of our Investigator's looked into Mr S' complaint and they didn't recommend it be upheld. They said Lloyds is entitled to make a commercial decision to close an account as long as reasonable notice has been given. And Lloyds doesn't need to provide an explanation.

Mr S didn't agree, and his complaint was then passed to another of our Investigator's. They looked into the complaint afresh, and initially said it should be upheld. In short, they found:

- A bank is generally entitled to close an account providing its in line with the terms of the account. But they do need to show this service its actions were fair and reasonable
- Lloyds isn't obliged to give Mr S an explanation for its actions. But it should provide us with an explanation and evidence for such a complaint. And Lloyds hasn't provided this service with sufficient information to show why it took the actions it did
- The account closure would've caused Mr S inconvenience, but it wasn't his main account. So Lloyds should pay him £100 compensation
- Mr S is worried about his ability to obtain financial products from the Lloyds Group in

the future, but this service can't account for events that haven't occurred

Mr S maintained that he should be provided an explanation; the matter has caused him distress too; questioned the long-term impact on limitations placed on his, and his family's, financial choices, and access to financial services. He also questions the fairness of this outcome.

Our Investigator again asked Lloyds to send us information relating to why it closed Mr S' account. Lloyds sent in new evidence for our Investigator to consider and based on that they changed their recommended outcome to this complaint.

In short, our Investigator said Lloyds had provided enough information to show it acted in line with the terms of the account, and did so fairly, when closing Mr S' account. And that the reason was not related to Mr S' belief his account was closed due to a link with his brother. So they no longer thought Lloyds did anything wrong, and so it no longer needed to take remedial action.

In response, and in addition to previously made points, Mr S questions why Lloyds didn't provide this information to this service previously. He also raises points about why his joint account with his father had been closed also, especially as it was previously a joint account the father held with his brother. Mr S also emphasised his concerns about what impact Lloyds' actions may have on his and his family's future financial choices.

As there is no agreement, this complaint has now been passed to me to decide.

### **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've decided not to uphold this complaint. I'll explain why.

I'm very aware that I've summarised the events in this complaint in far less detail than the parties and I've done so using my own words. No discourtesy is intended by me in taking this approach. Instead, I've focussed on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

If there's something I've not mentioned, it isn't because I've ignored it. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome. I do stress however that I've considered everything Mr S and Lloyds have said before reaching my decision.

Banks in the UK are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. They are also required to carry out ongoing monitoring of an existing business relationship. That sometimes means banks need to restrict, or in some cases go as far as closing, customers' accounts.

Lloyds has provided me with information to show why it reviewed Mr S' account. Having carefully reviewed this, I'm satisfied by doing so it was acting in line with its obligations.

Lloyds is entitled to close an account just as a customer may close an account with it. But before Lloyds closes an account, it must do so in a way, which complies with the terms and conditions of the account.

The terms and conditions of the account, which Lloyds and Mr S had to comply with, say that it could close the account by giving them at least two months' notice. And in certain circumstances it can close an account immediately or with less notice.

Lloyds gave Mr S at least two months' notice of its decision to close his account. Having looked at the information given to me by Lloyds, I'm satisfied it was entitled to close the account in the way that it has done.

I know Mr S would like a detailed explanation as to why Lloyds closed his account, and strongly suspects that it's done so due to his familial relationship with his brother. But Lloyds is under no obligation to give Mr S an explanation. However, when a complaint of this nature is referred to this service Lloyds should provide us with an explanation and supporting evidence to show its acted in line with its obligations, and terms of account.

It's unfortunate that it took some time for Lloyds to provide this service with sufficient evidence to fairly determine this complaint. But as I've said, I'm satisfied it did close the account in line with its terms, and obligations.

I would add too that our rules allow us to receive evidence in confidence. We may treat evidence from banks as confidential for a number of reasons – for example, if it contains security information, or commercially sensitive information. Some of the information Lloyds has provided is information we consider should be kept confidential.

I note Mr S says Lloyds has discriminated against him because of his brother's accounts being closed - and its risk level changing. I can understand why Mr S feels this way. It's not our services role to decide if Lloyds breached the equality act – that can only be decided by a Court. I realise this will disappoint Mr S but from what I've seen I'm satisfied Lloyds acted fairly.

Mr S says this matter has caused him distress and inconvenience. I do appreciate that this matter would've caused him some difficulty. But having looked at what's happened in this particular case, I can see no basis on which I might make an award against Lloyds given I don't think it's done anything wrong in closing Mr S' account in the way it has. Nor do I think Lloyds needs to re-open Mr S' account.

Mr S says Lloyds' actions will affect him and his family's ability to access its financial services and products in the future. Mr S is the eligible complainant here, so I can't make a finding for potential actions that may or may not impact his family. Nor has there been an event for me to consider where Mr S has suffered an actual loss.

So I'm not going to ask Lloyds to compensate Mr S for any distress or inconvenience he's been caused. Lastly, Mr S has made submissions about his joint account with his father being closed. But that is not the subject of this complaint.

### **My final decision**

For the reasons above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 28 March 2024.

Ketan Nagla  
**Ombudsman**