

The complaint

Mr P complains that Lloyds Bank PLC closed his account. He says that the closure of the account caused him to spend time and inconvenience in fixing the issue and managing without a bank account. He would like compensation for this.

What happened

Mr P had a current account with Lloyds. Mr P wrote Lloyds a letter dated 15 April 2023 explaining that he was being held in custody and was unsure of his release date. And because of this he would be unable to pay direct debits or make any payments to his Lloyds account, but that he would clear his balance on release. He asked for charges and interest to be stopped and to keep the account open.

Mr P says his full details were on the back of this letter, but that he got a response asking for more details to locate the account. Mr P says he followed up with a further two letters supplying his full details. Lloyds say it has no records of receiving these letters, but if they had, and they didn't have enough details to locate the account, they wouldn't know to log them under Mr P's record. Mr P has provided a copy of the first letter that was sent but without the back of the letter that he says had his full details on. We've not been provided a copy of any of the follow up letters that Mr P has said he sent.

Lloyds' evidence indicates that the first letter it received asking to keep the account open, that had the required detail to log on Mr P's account, was received on 19 October 2023. Which was after the account had been closed.

At the time the 15 April 2023 letter was sent, Mr P's account was overdrawn. Lloyds have provided copies of letters sent to Mr P at his home address in June and July 2023 to ask Mr P to get in touch to work together and put in place a repayment plan to pay off the outstanding overdraft. It explained that if the payment was not made, or a way forward was not agreed, then, amongst other things, Lloyds would close the account two months later. Lloyds didn't hear from Mr P within the timeframe it gave so it closed the account.

Mr P complained about the account closure, and the time and inconvenience it has caused him, in not having an account. Lloyds response declined the complaint explaining it had sent a number of letters asking Mr P to contact it about the account before it closed, and the letter it had received was after the account was closed. It's also said it would be usual in the circumstances to close the account in any event, as it would have been unlikely that a repayment plan could have been agreed while Mr P was in custody.

One of our investigators looked at the complaint and didn't uphold it. They found that Lloyds had followed the terms when closing the account, and on balance, that it was most likely that the letters Lloyds received prior to the account closure, didn't have enough information for it to be able to identify the correct customer and account.

Mr P didn't accept our investigators conclusion. He's said he'd written to the bank branch three times, and couldn't do any more to inform Lloyds about his change in circumstances. He's provided further evidence from his probation officer, and told us that the branch had

admitted fault to him.

Our investigator reviewed the additional evidence and explained that the only record of an additional letter, is one received after the account was closed. They were satisfied that the evidence provided showed the dates Mr P was in custody, but as they thought Lloyds hadn't been made aware of this they reached the same outcome.

As Mr P didn't agree with the outcome it's been passed to me for a decision.

As part of my investigation, I've gathered further information from Lloyds in relation to letters sent and received, and contact in branch, and asked for Mr P to provide me with copies of the letters he says were received at his home address. Mr P hasn't provided any further information so I'm making a decision based on the evidence I do have.

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.

The key point in dispute here is whether or not Lloyds had instructions from Mr P, with enough information to be able to identify his account.

I've seen a copy of a letter Mr P wrote to Lloyds in April 2023 before his account was closed explaining his change in situation. This letter makes it clear that he would be unable to pay direct debits or make payments towards the account but asked that the account stay open. Mr P says his full details were on the back of this letter and that he sent two more letters with his full details on. Mr P hasn't been able to provide the part of the first letter with his full details on, or either of the other letters he says he sent to Lloyds.

So, based on the evidence I've seen the only identifying information on this letter is Mr P's name. And I'm satisfied that with the name alone, Lloyds would not have had enough information to be able to satisfy itself of the account in question, so would not have been able to action this request.

Lloyds has provided evidence of its systems which show that the only letter it noted as receiving was on 19 October 2023. Neither Lloyds nor Mr P have been able to provide evidence of any other letters sent prior to the account closing. Without seeing these I can't safely conclude that any letters Mr P sent before the account was closed had his personal details on – and were therefore sufficient for Lloyds to locate his account.

Mr P also said that he went into branch, and was told that the branch had received both letters, but instead had written back to his home address. Lloyds has provided an explanation which tells me that they feel the only letter that they received was on 19 October 2023, and they didn't respond to Mr P's home address. I've also seen screen shots of Lloyds' systems which don't have any record of letters sent to Mr P's home address at this time, or letters received. We've asked Mr P for the letters sent to his home address, but he hasn't responded to this request. Both parties' version of events differ here, but on balance I think it more likely than not that Lloyds didn't receive or respond to letters directly to Mr P's home address. It follows that I don't think Lloyds were aware of Mr P's change in circumstances, prior to the closure of the account.

As long as Lloyds follow the terms and conditions of an account, and don't discriminate against their customers, they are entitled to close an account with two months' notice. I'm pleased to see in Mr P's case they gave him the full notice period. Mr P's account was in an unauthorised overdraft at the time, with no payments being made. Lloyds wrote letters

to Mr P's home address explaining that Mr P needed to make contact or payment, or the account would be closed. As no contact or payment was received, and Lloyds had provided more than two months' notice, I'm satisfied that it acted fairly in closing the account and sending the balance to collections for recovery.

I understand it's inconvenient for Mr P that Lloyds decided to end their contract with him – and remove his banking facilities. However, as it's followed its terms and conditions, hasn't discriminated or treated Mr P unfairly in doing so, it's entitled to choose who it provides banking facilities to and I'm satisfied it's been done so fairly in this case.

For the reasons I've outlined above I won't be asking Lloyds to do anything further here.

My final decision

My final decision is I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 4 November 2024.

Jeff Burch
Ombudsman