

The complaint

Miss P complains Lloyds Bank PLC (“Lloyds”) closed her accounts without explanation and provided poor customer service.

To put things right, Miss P wants Lloyds to pay her £1,000 compensation for the distress and inconvenience it’s caused her.

What happened

The details of this complaint are well known by both parties, so I won’t repeat them again here in detail. Instead, I’ll focus on setting out some of the key facts and on giving my reasons for my decision.

Following a review, in June 2023, Lloyds notified Miss P it was closing her accounts in two months’ time. And until then it had placed blocks on her accounts to stop all transactions.

Lloyds also informed Miss P that if she wanted to access any of her funds held in the accounts, she would need to attend one of its branches with ID and a copy of the closure letter. The letter also said Miss P would need to show proof of the origin of the funds.

Unhappy Miss P complained to Lloyds. Miss P says she spent substantive time trying to speak to Lloyds about why it had taken the actions it did but never got a clear explanation and was passed from one area to another. She also says she couldn’t get the funds in her account as the head office was closed due to her visit being on a weekend. As a result, she had to take time off work.

Lloyds sent Miss P a response to her complaint in July 2023 in which she was given referral rights to this service. Lloyds sent another complaint response in September 2023, in which it explained it closed her accounts because Miss P’s use no longer met with its risk appetite. Lloyds said it was originally due to close Miss P’s account in August 2023 as per the notice provided, but this wasn’t completed. And the notice was extended because Miss P called it in June 2023 – so it would close the accounts in September 2023.

One of our Investigator’s looked into Miss P’s complaint. They recommended it wasn’t upheld. In summary, some of their key findings were:

- Lloyds’ decision to close Miss P’s accounts in the way it did was fair and in line with its terms and conditions
- The notice period provided was reasonable and it allowed Miss P enough time to make alternative banking arrangements
- As Lloyds has acted fairly, it doesn’t need to pay Miss P any compensation

Miss P didn’t agree with what our Investigator said. They then looked into Miss P’s complaint further and sent her another response. The key points they made were:

- This complaint only relates to accounts which Miss P had with Lloyds, and not any

that relate to a separate bank which may be part of the wider Lloyds Banking Group

- They had said Miss P was able to access her wages and benefits during the notice period. But they couldn't see that any wages or benefits had been paid into Miss P's Lloyds accounts
- Miss P's complaint point about having to withdraw large cash sums from her account also relate to the other banks. So it doesn't form part of this complaint

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

What I've decided – and 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 Miss P and Lloyds have said before reaching my decision.

It's important to note, my decision focuses only on the actions Lloyds has taken related to accounts Miss P held with it specifically, and not with other banking entities that fall under its wider banking group.

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.

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 explained and provided information for why it placed Miss P's accounts under review and restricted her accounts. I'm satisfied it's done so 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 Miss P had to comply with, say that it could close the accounts by giving her at least two months' notice. And in certain circumstances it can close an account immediately or with less notice.

Lloyds initially gave Miss P two months' notice of closure, but it was much longer until it closed her accounts. I can't see this caused Miss P any detriment, so I don't think Lloyds has done anything wrong here.

Lloyds restricted Miss P's account and said she could only withdraw any wages and benefits from them. Given the accounts were restricted in this way, I must treat them as immediate

closures given a notice-period closure would normally be with full access.

Lloyds has explained and provided supporting evidence as to why it continued to restrict, and ultimately closed Miss P's accounts. I think its decision to act in this way is finely balanced. In other words, the evidence suggests it could have equally given her full access whilst the notice period ran down. Having said that, I can equally see why it restricted the accounts due to the concerns it had.

But I don't think making a clear finding on this point is materially relevant to the outcome of this complaint. I say that because Miss P's savings account had a balance of around £38 in it from May 2021 up until closure. And the statements show there was no activity initiated by Miss P on it between that time. Also, Miss P's current account had a nil balance when it was restricted and later closed by Lloyds. I also note there weren't any wages or salary paid into either of these accounts.

So with that in mind, I'm not persuaded the closure of these accounts had any real impact on Miss P's ability to access funds. She's also said she was able to use another bank account almost immediately. After weighing this all up, I'm persuaded Lloyds hasn't done anything wrong in closing the accounts in the way it has.

It's not entirely clear if Miss P is also complaining about the closure of her credit card with Lloyds. But for the same reasons above, I'm persuaded Lloyds has acted in line with its terms when closing this too.

I know Miss P would like a detailed explanation as to why Lloyds acted in the way it did. But it is under no obligation to do so. 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.

As I don't think Lloyds has done anything wrong in restricting and later closing Miss P's accounts, I see no basis to award any compensation for any distress and inconvenience she suffered.

I note Miss P is complaining about the way her complaint has been handled by Lloyds – specifically the timeliness of its response. But I note she was issued her first final response in July 2023. This appears to be within the timescales it's obligated to do so.

Miss P has made complaint points about the customer service she received on the phone and in branch when trying to access her funds. But these points relate to the other bank which I've already said falls outside the scope of my decision.

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 Miss P to accept or reject my decision before 28 July 2024.

Ketan Nagla
Ombudsman