

The complaint

M is a company. It is represented in bringing this complaint by its director, whom I'll refer to as "Mr P". The company complains that, having closed its bank account in 2020, Lloyds Bank PLC won't reopen it.

What happened

M used to bank with Lloyds. In July 2020 Lloyds wrote to say that it would be closing its account in September of that year. The closure went ahead.

M did not complain about the account closure at the time, but in January 2024 Mr P contacted Lloyds to say that he wanted the account to be reopened or for a new account to be opened. He explained that M was expecting receipt of a significant sum and that it needed a bank account from a reputable provider as a result.

Lloyds declined Mr P's request. It said too that it had acted fairly and in line with the account terms when it had closed the account more than three years earlier.

Mr P did not accept the bank's decision, and Mr P referred the matter to this service on M's behalf. One of our investigators considered what had happened but did not recommend that the complaint be upheld. Mr P did not accept the investigator's assessment and asked that an ombudsman review the case.

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.

It is generally for banks to decide whether to provide, or to continue to provide, account services to any particular customer. They can exercise their commercial discretion in such matters and, as long as that discretion is exercised legitimately, this service won't usually intervene. I have considered that issue here, and am satisfied that Lloyds' decision to close M's account was a legitimate one. Lloyds did not have to tell M or Mr P exactly why it had decided to close the account.

When closing an account, a bank should give reasonable notice of its intention to do so. What is reasonable depends on the circumstances, but for most personal and small business customers two months is reasonable. That is the notice period which Lloyds gave M. It was in line with the account terms and was, in my view reasonable.

Mr P says that he did not receive the closure notice. He has explained that he was unable to receive any post in July 2020 and for some time after that. In addition, his laptop and other items were stolen, so he did not see any notices or other communications which the bank may have delivered online.

I have no reason to doubt what Mr P has said about the closure notice and other notifications. However, the account terms said that notices sent by post would be sent to the

address held on the account. I am satisfied that the closure notice was sent to Mr P's address and that it was probably delivered too, so – whether Mr P personally received it or not – it was in my view valid and Lloyds could close M's account on its expiry. I have not seen any suggestion that the bank knew Mr P would not see the closure notice.

For these reasons, I do not believe that Lloyds acted unfairly in closing M's account.

I turn then to the question of whether Lloyds should reopen the account or open a new account for M. As I have indicated, it is for banks to decide whether to provide accounts to any particular customer. I think that Lloyds was entitled to decline M's request that it provide it with an account, whether by reopening its old account or by providing a new one.

My final decision

For these reasons, my final decision is that I do not uphold M's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask M to accept or reject my decision before 23 October 2024.

Mike Ingram
Ombudsman