

The complaint

Mr A is unhappy that Lloyds Bank PLC won't pay him the balance of an account shown in a rediscovered passbook.

What happened

Mr A recently came across an old passbook for an account he held with Lloyds TSB. The last transaction recorded in the passbook is dated 2 October 2000 and the credit balance in the account was £738.33.

In 2013 Lloyds and TSB become separate entities. So, Mr A approached both banks asking them to trace the account. He says that while he recalls the banks separating, he doesn't recall closing the account.

Lloyds told Mr A that the account he was enquiring about was a TSB savings account and it said it had sent the complaint to TSB to respond to. While Mr A did get a response from TSB – he didn't think either bank had done enough to trace his account. So, he referred both complaints to this service and they have been handled under separate complaint reference numbers.

Lloyds subsequently said – in a new final response dated 3 September 2024, that it generally only retains account information for 10 years after an account is closed. And as it didn't hold an account with the account number and sort code provided, it concluded that Mr A's account had been most likely closed over 10 years ago.

And when responding to this service, Lloyds acknowledged that the service it had provided Mr A - when he first contacted it about his rediscovered passbook, was poor and it offered to pay Mr A £150 compensation for the inconvenience caused.

One of our investigator's put Lloyds' compensation offer to Mr A, but he didn't accept it. He said he wanted his complained looked into. He felt that the burden of proof lay with Lloyds to show when the account had been closed and by who.

The investigator looked into the complaint. But ultimately, he said he couldn't rely on the existence of a passbook alone to say that the account still existed. He thought Lloyds had carried out appropriate searches but couldn't find the account and he concluded that it had been closed. He found Lloyds' compensation offer for the poor service Mr A received to be fair.

Mr A didn't agree with his decision. He said – in summary, that it couldn't be ruled out that his account had become dormant and moved to a reclaim fund. And he asked for the complaint to be passed to an ombudsman. So, the case has been passed to me.

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.

Where the evidence is incomplete, inconclusive, or contradictory (as some of it is here), I have to make my decision on the balance of probabilities – that is, what I consider is more likely than not to have happened in the light of the available evidence and the wider surrounding circumstances.

Mr A has raised several points in response to the investigator's findings. As an informal dispute resolution service, we are tasked with reaching a fair and reasonable conclusion with the minimum of formality. In doing so, it is not necessary for me to respond to every point made but to consider the crux of the complaint.

Having done so, I have come to the same overall conclusion as the investigator – although I will provide some further details. I realise that Mr A will be disappointed with my decision, so I'll explain why.

Mr A's passbook doesn't say the account was closed or the money withdrawn, so I can see why he thinks Lloyds has the money. But by 2000 computerised records had been introduced and passbooks ceased to be the primary record of an account.

So, while some customers may have opted to continue to use their passbooks, they weren't obliged to, and many didn't. So, as this investigator has explained, it doesn't automatically follow that because Mr A's passbook shows a credit balance in 2000 it means a credit balance exists now.

But when a customer finds an old passbook and doesn't recall what happened to the account, I would expect Lloyds to carry out searches to find out what it can about what happened to the account. However, such searches have limitations as banks aren't generally required to keep records of closed accounts for more than six years.

In this case, I'm satisfied that Lloyds has done what it can to trace Mr A's passbook account. It's provided evidence of the search it has carried out using the sort code and account number provided. And, since my involvement, it has provided the results of searches against Mr A's name and all the addresses he has since provided to us. These show that the only account Lloyds has a record of is a savings account. And I'm satisfied that Lloyds' records show this account was closed on 25 June 2006. As this is more than the 10 years Lloyds say it keep records of closed accounts for, I wouldn't expect it to be able to show anything further in relation to this account.

Lloyds has also provided evidence of its dormant account procedures. This shows that even when an account is made dormant it remains visible on its records. This means that if the account holder comes forward the balance in the account can be released following an identification and verification process. As Mr A's passbook account has not been found in the searches Lloyds has completed, I'm not persuaded that his passbook account was made dormant.

Mr A has said it can't be ruled out that the funds were transferred to a reclaim fund. But funds can only be transferred to a reclaim fund if a bank has made extensive efforts to trace and contact the account holder and no response has been received. And Lloyds' dormant account procedures also indicate that if an account is dormant for more than 15 years it carries out further tracing to find any account holders. And any funds subsequently transferred to a reclaimed funds are recorded on an unclaimed assets database.

So, if Lloyds had transferred the account balance to a reclaim fund, I'm persuaded it would have some record of this. As it hasn't got any such records – on balance, I'm not persuaded that Mr A's passbook account balance was passed to a reclaim fund.

I understand Mr A doesn't recall closing the account or withdrawing the money. But, overall, I'm persuaded that if Lloyds held the account and it was still open - or even if had been made dormant (even before the reclaim fund was established), I'd expect the searches it has shown it has carried out to have found some record of the passbook account or that the balance had been transferred to a reclaim fund. As the searches haven't yielded any results for the passbook account, I find – on balance, its most likely that the account balance was withdrawn or transferred, and the account was closed sometime after 2000. And Mr A has most likely forgotten about it due to the passage of time.

I know Mr A will be disappointed as he would like to know for certain what happened to the account. But, given everything I've said above, I can't fairly instruct Lloyds to pay Mr A the balance that's showing in the passbook.

Lloyds has offered Mr A £150 compensation in recognition of the poor service he received when he first contacted it. Overall, I think this fairly reflects the inconvenience caused to Mr A when Lloyds didn't look more thoroughly into his concerns which resulted in him having to take the time to pursue the matter further.

My final decision

My final decision is that I uphold this complaint in part. If Mr A accepts this decision, Lloyds Bank PLC should contact him and make arrangements to pay him £150 if it hasn't also done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 12 December 2024.

Sandra Greene
Ombudsman