

## **The complaint**

Miss A complains Lloyds Bank PLC unfairly closed her bank accounts.

Miss A also complains that Lloyds did not communicate with her clearly.

## **What happened**

The facts of the complaint are well known to both parties, so I will only provide a summary of the key points.

Miss A held two accounts with Lloyds. A current account and a Help to Buy ISA.

Miss A has explained that she had other bank accounts and she used her Lloyds current account to manage her finances and for online shopping. Miss A says she opened the ISA as a steppingstone to help get her on the property ladder.

In September 2023, Lloyds reviewed Miss A's accounts. Following this Lloyds decided to close both of Miss A's accounts. Lloyds sent Miss A a letter giving her two months' notice that she needed to make alternative banking arrangements. During this time Miss A's accounts operated as normal.

Miss A complained to Lloyds, explaining it had unfairly closed her accounts and said this had a detrimental impact on her. Miss A said she had been a long-standing customer and had always maintained her accounts properly. So, she couldn't understand why Lloyds didn't want her as a customer.

Miss A also said that the closure letter she received from Lloyds didn't mention that her ISA account was going to be closed. She said she had to call Lloyds more than once to clarify which account the bank was closing and was told that it was just her current account. So, she said she was left feeling confused and upset. Miss A said that the closure of her ISA account now means she will miss out on the opportunity to get the government bonus offered under the Help To Buy scheme as this type of ISA is no longer available.

Lloyds reviewed Miss A's concerns and explained that it had closed the accounts in line with the relevant terms and conditions. It apologised for any inconvenience the closures had caused Miss A but said it wasn't willing to reopen Miss A's accounts.

Unhappy with this response, Miss A referred her complaint to our service. An investigator reviewed Miss A's complaint. The investigator partly upheld Miss A's complaint. In summary he said;

- Lloyds hadn't done anything wrong when it had reviewed Miss A's accounts
- Lloyds had closed the accounts in line with the terms and conditions.
- Lloyds disclosed the specific reasons to this service in confidence and he was satisfied Lloyds acted fairly when it had decided to close Miss A's accounts.
- He didn't think Lloyds had made it clear to Miss A when it wrote to her that the bank

- was also closing her Help To Buy ISA.
- To put things right the investigator said that Lloyds should pay Miss A £100 compensation for any trouble and upset this had caused her.

Miss A remained unhappy and maintained Lloyds had acted unfairly. She said £100 isn't enough. She says she has missed out on the government bonus and the opportunity to benefit from the Help To Buy scheme. So, she wants Lloyds to compensate her for these financial losses. She also said that Lloyds had blocked her accounts, which was inconvenient.

Lloyds also disagreed with the investigators' view. It said the letter it sent to Miss A clearly set out that it wasn't happy to continue any banking relationship with Miss A. Lloyds also said that when Miss A called them to complain about her accounts being closed, she stated that her ISA was also being closed. So, Lloyds said it wasn't happy to pay Miss A any compensation because it had let Miss A know that both of her accounts were going to be closed.

As no agreement could be reached, the case came to me for a decision. After looking at all the evidence I issued a provisional decision which said the following:

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 that we considered should be kept confidential. This means I haven't been able to share a lot of detail with Miss A, but I'd like to reassure her that I have considered everything.

I can see Miss A feels very strongly about her complaint. That's clear from what's she's said to us and to Lloyds. However, based on the available evidence I think Lloyds has acted reasonably in how it handled Miss A's accounts. I'll explain why.

Generally, it's up to banks who they want to have as consumers, just as consumers usually have a choice of who they bank with. Our service wouldn't generally ask a bank to change or justify a legitimate commercial decision if it has been made in line with the agreed terms of the account.

The terms of Miss A's account allow Lloyds to close her accounts for any reason, so long as they provide at least two months' notice – which is in line with the regulations about payment accounts, and common industry practice. This is to give consumers the opportunity to set up accounts elsewhere. In this case I can see they gave Miss A 65 days' notice, which is appropriate and in line with these terms. The accounts were available to use during this period, and the funds held were returned promptly to Miss A when they were closed.

Miss A says the closure of her accounts was confusing and upsetting. She has said that Lloyds didn't make it clear to her in its closure letter that it was closing her ISA account along with her current account. Miss A says the letter didn't specify any account.

I've seen a copy of the closure letter dated 28 September 2023, and I agree the letter does not mention any account specifically, however I note it does state '*we are writing to let you know that unfortunately, we're unable to maintain a banking relationship with you.*' I'm satisfied that this clearly indicates that no accounts would remain open following Lloyds' decision to close Miss A's accounts. To have any account open would mean maintaining a financial relationship.

The letter goes on to state Miss A is unable to open any new products in the future which indicates that at no point moving forward will Lloyds continue or reopen a banking relationship with Miss A. The letter does not state any accounts will remain open.

I can't say when Miss A first read the letter. But I can see from Lloyds' contact notes that when Miss A called Lloyds to complain that Miss A told Lloyds "You are closing all my accounts, including my help to buy isa."

Taking all the above into consideration I'm satisfied that Lloyds did advise Miss A's financial relationship with the bank would end. This included the closure of the Help to Buy ISA. It is also my belief this was Miss A's understanding. This is because she confirmed this on the 21 November 2023 call when she wanted to complain about the decision. On this basis, I won't be asking Lloyds to pay Miss A any compensation.

Miss A has said because Lloyds closed her ISA account she will now miss out on the government bonus. She's said not having a Help to Buy ISA will impact her ability to get on the property ladder – especially as these types of ISA's are no longer available. She wants Lloyds to compensate her for the financial losses of having her ISA closed – which includes the bonus she may have received.

It's within my powers to direct Lloyds to put this right if I think it did something wrong here. But, having considered this issue very carefully, I don't think it has. I say that because, and as I've already alluded to, Lloyds always had reason enough to close the account in the way it did from the beginning of its review. That means, it didn't do anything wrong by closing Miss A's accounts, including the Help to Buy ISA, in December 2023.

It also follows that Lloyds doesn't need to compensate Miss A for any lost opportunity in relation to being able to claim a Government Help to Buy ISA bonus. For the reasons I've explained, I'm satisfied Lloyds acted fairly in closing Miss A's Help to Buy account and provided her the full notice period.

In passing, there are other similar schemes which Miss A could benefit from, and they could potentially allow her to build up funds more quickly.

Finally, in response to the investigator's view, Miss A has suggested that her accounts were blocked. But I don't agree. Having looked at Miss A's bank statements during the notice period, I can see that Miss A was using her account normally – including making card purchases, and bank transfers, right up until the account was closed on 2 December 2023.

I don't doubt the closure of her accounts would have been inconvenient and caused Miss A additional stress as she would've had to make alternative arrangements. But as outlined above, I'm satisfied Lloyds acted fairly and in line with the account terms and in keeping with general industry practice when it closed her accounts. With this in mind, I'm not minded to direct Lloyds to compensate her for this. So, I won't be asking Lloyds to do anything further to resolve Miss A's complaint.

Lloyds didn't respond to my provisional decision. Miss A disagreed with what I said. In summary she said:

- She is unhappy at the lack of explanation about why her accounts were closed.
- Clearer communication could have been provided about which accounts were affected and why in general terms without breaching confidentiality.
- The lack of clarity has left her feeling confused and unfairly treated.

Now both sides have had an opportunity to comment I can go ahead and issue my final decision

### **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.

I'm sorry that Miss A was disappointed by my provisional decision. And I know she wants me to provide more detail and an explanation for why Lloyds closed her accounts. But as I've already explained I have received this information in confidence, so I won't be sharing anymore information with her – as much as she'd like me to do so.

As neither party has provided anything new for me to consider, I see no reason to depart from my provisional findings. I remain of the view that this complaint should not be upheld for the reasons set out in my provisional decision, which are repeated above and form part of this decision.

### **My final decision**

For the reasons I've explained, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 25 December 2024.

Sharon Kerrison  
**Ombudsman**