

The complaint

Mr M complains about Lloyds Bank PLC deciding to close his accounts and how it dealt with the circumstances around this.

What happened

In September 2020, Mr M complained that Lloyds staff were working from home and that he didn't feel comfortable that his data was secure because of this. He says that when trying to speak to Lloyds, he was on hold for a long time and at one point heard a baby crying on the phone.

Lloyds responded and explained that although there was a technical issue with the call, this was its standard process because of the issues posed by Covid-19. It reassured him that his data was secure and that this method of working wouldn't impact him. But it did say that in view of this complaint and others he had raised previously, it would be closing Mr M's accounts held across the banking group.

Mr M was unhappy with this and referred his complaint to our service, adding that he was particularly unhappy that one member of staff dealt with a number of his complaints and he felt this was discriminatory. He also thought someone from Lloyds should have called him before responding to his complaints.

One of our investigators looked into this and initially said that Lloyds hadn't acted unfairly here. They said that, as a business, Lloyds was free to deal with complaints as it wished and was entitled to close his accounts on that basis. Mr M disagreed and said that the investigator hadn't covered the fact he felt discriminated by the same person looking at a number of his complaints. He said he made arrangements based on being told the accounts had been closed when they hadn't. He was concerned about the implications of applying for a new credit card until the situation with his existing account was confirmed. He also said he had been disadvantaged by not being able to use or benefit from the accounts and the relevant benefits.

Our investigator then looked into things again and noted that several of Mr M's accounts hadn't been closed as Lloyds said they would be. Lloyds explained that this was an oversight that occurred because of when Mr M referred his complaint to this service. It said that to correct this it would now arrange for the accounts which remained open to be closed and to send the required notice prior to this.

Our investigator felt that Lloyds should offer compensation for the impact this oversight had on Mr M. She felt that Lloyds should pay £100 and Lloyds agreed to offer that amount. But Mr M disagreed. So the complaint was passed to me to decide.

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.

There are a few different parts to Mr M's complaint here. Mr M has provided a lot of detail about his complaint and spoken to me about his concerns too. I expect that he'll likely be disappointed in my findings here and perhaps with the level of detail I've gone into. But I'd like to reassure him that I've considered everything he's told us and sent us. I've just focused on what I need to in order to reach a decision on what's fair and reasonable in all the circumstances here – in line with our quick and informal role as a service.

Lloyds has made the decision to close Mr M's accounts here and provided customer service across his overall holdings with the banking group it's a part of, so I'll be referring to that as the relevant business here.

Lloyds' decision to close Mr M's accounts

Much as a customer is free to choose who they bank with or borrow from, a bank like Lloyds is entitled who it offers banking facilities to and to review whether it's still willing to provide services to existing customers too. Here, Lloyds took account of the number of complaints Mr M had raised over recent years, along with his recent conduct and made a decision to close his accounts with it.

That's a decision it was entitled to make as a business and one which the terms and conditions explain that it can make too. Those terms explain that if Lloyds closes an account because of a customer's behaviour it won't give any notice. But if it closes an account for any other reason then it'll give two months' notice and that's the notice period it gave here. So I think it was entitled to take the action it did and I'm satisfied it did so correctly and gave fair notice, in line with the relevant terms.

I'd add that this wasn't a decision that was made without context. I've seen a response to a complaint from August 2020 which explained that if Mr M made further complaints that weren't upheld, or continued what it felt to be unreasonable behaviour then it may close his accounts. When Mr M raised another complaint and it wasn't upheld, that's what Lloyds did – so I think it provided sufficient notice of the fact it might take this action.

Mr M says he didn't receive this letter warning him until after he contacted Lloyds again and if he did receive it sooner, he may have acted differently. But this letter was sent correctly and so I think it's fair that Lloyds considered that it had warned him about his conduct here. I realise this may have been delivered late due to the circumstances at the time, but that's not something I can fairly say that Lloyds is responsible for.

Mr M also said that many of his complaints actually resulted in Lloyds admitting that it had acted wrongly. But I think it's fair to say that when viewed impartially, I can see why Lloyds perceived the relationship between it and Mr M as having broken down at the point it said it would be closing his accounts. This was taken against a background of what Lloyds felt was unacceptable behaviour and a large number of complaints being made.

I have no doubt that Mr M doesn't see his behaviour, or the number of complaints he made, as unreasonable. I accept his point that some of his complaints were upheld and Lloyds accepted that it hadn't always done exactly what it should have in the past. But I have to consider things from both side and here - Lloyds felt that the number of complaints and Mr M's behaviour with it weren't something it was prepared to deal with. These are reasons that it's entitled to close accounts for. Mr M has mentioned the difficult circumstances people were going through around the time he started complaining to Lloyds. But in the circumstances, I still think Lloyds was entitled to exercise its discretion to close the accounts here.

Lloyds also told Mr M that it would be closing his accounts across its wider banking group for the same reasons too. I can see why Mr M would be unhappy with that, as it means that he might not be able to use the services of this group if he needs it in the future. But in line with the above, that's a decision a bank is entitled to make. It's not for this service to tell a bank who it should and shouldn't do business with. Where I'm satisfied that Lloyds was entitled to close the accounts here – it follows that I don't think it acted unreasonably in saying that it'd be taking this decision across Mr M's other holdings with the group too.

Mr M has mentioned that he transferred into a Lloyds account from an account elsewhere around the time he was told his accounts would close. While I accept that the timing of Lloyds decision here was unfortunate for him, it did give Mr M a sufficient period of notice to make alternative arrangements in light of its decision.

How Lloyds dealt with the situation

Mr M has said that he was discriminated against and treated unfairly because one member of staff dealt with several of his complaints. Lloyds is entitled to decide how best to deal with the complaints customers raise. Having one member of staff deal with a number of complaints can be perceived as a good thing and a bad thing. On the one hand, it can be viewed as one person having a better idea of the wider context of a customer's issues. On the other, it can lead to someone feeling that their complaints haven't been looked at fairly.

So while Lloyds is entitled to appoint one member of staff to look at multiple complaints, I've thought about whether by doing so here, it was acting fairly and whether this disadvantaged Mr M. In my view, it didn't. The member of staff that dealt with Mr M's case did so consistently and I'm satisfied that they represented the bank as a business in doing so. There's no evidence of the sort of 'personal vendetta' that Mr M has mentioned. What that member of staff told Mr M about the reasons for the account closure and the actions to be taken were backed up by previous situations, evidence and by the terms and conditions. So while I know Mr M will disagree, I don't think it's likely that things would have been any different if another member of staff looked at these complaints separately.

Mr M has raised an issue with one call that he had with Lloyds when he was concerned about a call in which he heard a baby crying. I've listened to that call and I couldn't hear that, but it's clear that there were issues with this call. Lloyds has explained that this was because that member of staff was having phone problems at the time, which I think is a reasonable explanation.

I realise that Mr M is also unhappy that on occasion Lloyds hasn't sought to speak to him before formally responding to complaints. He's explained that when he's had further questions in respect of certain letters that this hasn't happened. I can understand Mr M's frustrations that Lloyds hasn't necessarily done what he thinks it should – but it has responded to his complaints in line with its internal processes and with referral rights to this service, as the relevant rules say it should.

It's not for this service to tell a bank like Lloyds what its complaint handling procedures should be. But here, I'm satisfied that Lloyds has responded to Mr M's complaints appropriately and that the way it's dealt with them has meant that he's been able to escalate these to this service.

That's not to say that Lloyds has acted entirely correctly and fairly here though. It told Mr M, in no uncertain terms, that it would be closing all his accounts and then didn't do that fully for over a year. It's explained that this was because there was an administrative oversight on its systems which happened when Mr M referred his complaint to this service. I'm satisfied that this is the genuine reason behind the issue – but it remains that this isn't fair on Mr M.

Mr M has explained that he held off opening a new credit card until Lloyds confirmed the situation with his accounts. He says he lost out on benefits and rewards that he could have gained if he knew he could have used the accounts during this time. But Lloyds mistake was in not closing the accounts when it should have. So had it done what it should have, he wouldn't have had access to these accounts for the period of time he eventually did, even if he didn't use them.

Mr M has said that he held off applying for another credit card while he was unaware of the situation with the Lloyds card. But I haven't seen anything to support a clear financial loss that it'd be fair to expect Lloyds to put right here. Instead I think what's appropriate is for Lloyds to pay Mr M compensation for the distress and inconvenience this issue caused.

Lloyds sent further notice that it'd be closing Mr M's other accounts and has now confirmed that they have now all been closed. It's also offered £100 compensation for this. Ultimately, it's taken Lloyds a long time to do something it told him it would do within a certain timeframe. For the impact this had, I think £100 is fair and so Lloyds should pay him that if he accepts this decision. But in respect of the other complaint points, I'm satisfied that Lloyds has acted fairly and reasonably.

My final decision

My final decision is that Lloyds Bank PLC should pay Mr M £100 for not closing all his accounts when it said it would. I make no further award against it.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 27 October 2022.

James Staples
Ombudsman