

The complaint

Miss D complains about Lloyds Bank PLC's decision to close her accounts.

What happened

In December 2020, Lloyds carried out a review on Miss D's accounts. Following this, they decided to close the accounts and gave Miss D 60 days' notice.

Miss D didn't find out about the closure until around a month after the notice to close was sent – because she was away at University. Miss D appealed the closure; but Lloyds didn't change their mind. Miss D was concerned that Lloyds may have made a discriminatory decision based on her international student status.

The investigator upheld Miss D's complaint. He reached out to Lloyds on a number of occasions for more information on the reasons why they closed the account so he could conclude whether Lloyds' actions were fair. Lloyds confirmed that Miss D fell outside of their risk appetite – but didn't give any further reasons why. So, the investigator asked that they pay Miss D £200 compensation for the distress and inconvenience.

Lloyds responded and agreed. Miss D didn't – she understood it was unlikely Lloyds would give her a reason for the closure, but she wanted an ombudsman to review things.

Therefore, the complaint 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.

Having done so, I agree Lloyds should pay compensation to Miss D. I've explained further below.

Lloyds are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. They're also required to carry out ongoing monitoring of new and existing relationships. That sometimes means they need to restrict customer's accounts – either in full or partially while they carry out their review. I can see that's what's happened with Miss D's account.

In order for me to be satisfied that Lloyd's actions were appropriate in the circumstances, I'd need to see evidence of why their review was initiated, and the reasons behind their decision to close the accounts. Lloyds hasn't shared that level of detail with our service, so I can't confidently say their actions were reasonable.

Banks sometimes choose to end their relationship with customers. This can be due to a number of reasons, and a bank isn't obliged to give a reason to the customer – only to meet the account closure terms and conditions. Just the same as if Miss D decided to stop banking with Lloyds, she wouldn't have to explain why. Lloyds can only close accounts in certain circumstances and in line with the terms and conditions of the account. Lloyds have

relied on and complied with the terms and conditions when closing Miss D's account and therefore, I don't think it acted unfairly and unreasonably in this regard. I appreciate Miss D didn't receive the letter until around a month after it was sent; but I can't reasonably hold Lloyds responsible for that. They sent a letter to the address they held on file – and therefore, they have done enough to notify Miss D of their intention to close the accounts and gave appropriate notice.

Miss D feels Lloyds discriminated against her when making the decision to review and close her accounts. This is a serious allegation Miss D has made, and one I have considered carefully. I can appreciate why Miss D feels this way – and that's because Lloyds haven't given her a reason for their actions. But I've explained above, Lloyds aren't obliged to give a reason to Miss D – however I would expect them to share this detail with our service so we can be sure of their actions. In order for me to uphold the complaint on this point, I'd need to be satisfied that Lloyds have racially discriminated against Miss D. While Lloyds hasn't shared sufficient information or evidence to satisfy me of the actions they took during the review, I can't be confident on why the decision was made. However, I'd like to reassure Miss D that while I haven't seen the evidence to dismiss this allegation, I equally haven't seen anything to show they made a racially discriminative decision so I hope this reassures her at least a little.

Putting things right

Overall, I recognise the distress this situation had on Miss D and I haven't seen enough to satisfy me that Lloyds' reasons for closing the accounts were appropriate. So, I think a compensation payment of £200 is fair in the circumstances of this complaint.

My final decision

My final decision is that I uphold this complaint. Lloyds Bank PLC should do the following:

- Pay Miss D £200 compensation for the distress and inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss D to accept or reject my decision before 12 October 2022.

Hayley West
Ombudsman