

The complaint

Miss G complains that Lloyds Bank PLC closed her account without notice and left her without access to funds. She wants a reason for the closure.

What happened

Miss G had an account with Lloyds.

Following a review of Miss G's account, Lloyds decided to close the account and sent Miss G a letter on 3 September 2021 giving her 60 days' notice. Miss G was living abroad and hadn't updated her address with Lloyds, so the letter went to her previous address.

Miss G realised her account was closed when she wasn't able to access internet banking and because Miss G was abroad, she wasn't able to go into branch to get information about what had happened.

Lloyds sent the closing balance by cheque to Miss G's previous address. Miss G eventually received the balance in her account on 17 February 2022.

When Miss G complained to our service one of the investigators looked into the complaint. He said Lloyds hadn't provided reasons why the account had been closed and therefore it was difficult to see if they had acted fairly. Our investigator thought Miss G should have informed Lloyds of her change of address and as Lloyds weren't aware they couldn't be held liable for Miss G not receiving the Notice to close letter or the cheque with the balance. Because Miss G was abroad the closure had a greater impact on her and she had been given the wrong phone number to call. Our investigator thought Lloyds should pay Miss G £150 for distress and inconvenience caused to her.

Lloyds agreed with the view.

Miss G was unhappy with the view. She didn't think £150 was enough compensation for the way she had been treated. She said she thought her account had been closed by Lloyds because she had complained about a previous payment not crediting correctly.

As there was no agreement the matter has come 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.

As both parties have agreed that Lloyds could have done things better, I won't go into that aspect of the complaint.

Miss G is unhappy with the amount of compensation awarded to her so I will limit myself to considering what is fair compensation in the circumstances of this case.

Firstly, I would address Miss G's point that Lloyds closed her account without any notice.

I can see that Lloyds gave Miss G 60 days' notice to close her account. They sent her a letter to the address they had for her on file. This is what I would have expected them to do. I appreciate that Miss G didn't receive her notice as she had moved away and hadn't updated Lloyds with her new address. So, I'm satisfied that Lloyds gave Miss G notice of the closure of her account even though she didn't receive it. I can't hold Lloyds responsible for Miss G not updating her address. And I'm satisfied that Lloyds gave Miss G the required notice in accordance with the terms and conditions of the account.

Miss G has said she wants to know why her account was closed. She is unhappy she hasn't been given a reason. I accept this is frustrating for Miss G but Lloyds isn't obliged to give her reasons for the closure of her account so I can't say they've done anything wrong for not giving her a specific reason as much as she'd like to know.

As the investigator explained Lloyds haven't given us information for the reason why they gave Miss G 60 days' notice to close the account.

Miss G thinks her account was closed because she had made a complaint to Lloyds previously and queried a payment that hadn't arrived at its destination. She has told us she was awarded £170 compensation for this issue.

Miss G is a long-standing customer of Lloyds, and she feels that she has been badly treated by them. Miss G has sent us information and correspondence about her dispute with Lloyds regarding payments she made in April and May 2021. She believes that Lloyds made an error and in order to cover this up they decided to close her account in November 2021. She feels that £150 is not sufficient for the damage that was caused to her health.

Miss G has told us about issues she had with Lloyds regarding previous payments. That isn't the subject of this complaint so I can't comment whether Lloyds made any errors. However, I have looked at the case notes provided by the bank, and I can see no evidence that Lloyds closed Miss G's account in order to cover up an error.

Lloyds have said that the closure is in line with their terms and conditions and was a commercial decision. It's generally for banks to decide whether or not they want to provide, or to continue to provide, banking facilities to any particular customer. Unless there's a good reason to do so, this service won't usually say that a bank must keep a customer or require it to compensate a customer who has had their account closed. But because Lloyds haven't provided us with any reason for the closure it's not possible for me to decide if they have applied their terms and conditions fairly. And that means compensation is due in this case.

The investigator awarded Miss G £150 for the inconvenience that was caused to her for the closure of the account. I know Miss G has said she wants more, but I think this is a fair amount and in line with our awards in these types of cases. In deciding this I have taken into account that Miss G was given the wrong phone number to ring but I have also taken into account that she contributed to the issues she encountered by not having updated her address.

Putting things right

I appreciate that Miss G will be disappointed with my decision but looking at the evidence I'm satisfied that £150 is reasonable compensation in the circumstances of this complaint and I see no reason to award any more.

My final decision

For the reasons stated above I direct Lloyds Bank PLC to pay Miss G £150 for the distress and inconvenience caused to her for the closure of her account.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss G to accept or reject my decision before 27 January 2023.

Esperanza Fuentes
Ombudsman