

The complaint

Miss S is unhappy Lloyds Bank Plc (Lloyds) closed her account without giving her a reason. She says Lloyds gave her bad service throughout and made it difficult for her to get an account elsewhere.

What happened

Lloyds sent Miss S a letter on 1 September 2020 explaining her account would be closed in 60 days' time. The letter also explained the account would be blocked during this time and she would need to attend branch to access her money.

Initially Lloyds allowed Miss S to complete transfers over the phone to existing payees, but then stopped allowing this on 19 October 2020. She says she received bad service when on the phone, with the advisor being rude and unhelpful. She also says there was a delay with her Universal Credit payment.

Miss S has explained this was her main account which all her benefits were paid into. She is a full-time carer for her daughter, whilst also dealing with her own physical and mental health conditions. This made getting to branch each time very difficult and expensive.

Lloyds addressed Miss S's complaint about the incorrect information she was given around being able to transfer money on the phone and the service she received on the phone call. It apologised and paid her £250 for the inconvenience caused and £166 for her travel costs. It also addressed her complaint about the Universal Credit payment and paid her £70 for the inconvenience caused.

Miss S remained unhappy. She's explained she has found it difficult to get an account elsewhere and believes Lloyds is responsible for that.

Our investigator didn't uphold Miss S's complaint. She concluded that Lloyds took the commercial decision to close her account and followed the terms and conditions in doing so, giving 60 days' notice. She was satisfied the compensation already paid was enough for the service issues Miss S faced. She advised Miss S to contact CIFAS if she was still having trouble opening a new account.

Miss S disagreed, saying Lloyds has not acted fairly in closing her account or making it impossible for her to get another one elsewhere. Because Miss S remained unhappy, the complaint has been passed to me to decide.

What I provisionally decided - and why

After considering all the evidence, I issued a provisional decision on this complaint on 22 February 2023. I provide a copy of my findings from that decision below:

'Firstly, I can understand why Miss S is so frustrated with the account closure and not being able to open an account elsewhere. I appreciate she feels she has been treated unfairly. I'd like to assure her I have thoroughly looked into why her account was closed to check

Lloyds did this correctly and fairly.

Lloyds has commercial discretion and can choose who it does business with, just as Miss S can choose who to bank with. Of course, we expect Lloyds to use its commercial discretion to make decisions free of prejudice and discrimination. And having reviewed the reasons for the closure, I'm satisfied in Miss S's case it did this. So, despite the way it feels to Miss S, I've seen nothing to suggest Lloyds treated Miss S unfairly when deciding to close her account.

However, unlike the investigator, I'm not satisfied it gave Miss S the required notice under the terms and conditions. On the surface Lloyds gave Miss S 60 days' notice of her account closure. However, during this time the account was blocked, and the only way Miss S could access her money was to go into branch. This is therefore akin more to an immediate closure as Miss S could not use her account as usual during the notice period.

Given this, I've considered whether I think Lloyds was able to close the account immediately under the terms and conditions and I'm not satisfied it was. Whilst I understand Lloyds' reasons for closing Miss S's account, I'm not persuaded the situation warranted the account to be blocked during the notice period.

Had the account not been blocked during the notice period, Miss S would have been able to continue using it as normal during this time. Importantly, Miss S wouldn't have needed to attend branch as many times as she did, if at all. This is something that has caused her a great deal of inconvenience and upset, especially when taking into account her personal circumstances.

I can see Miss S has already been paid £320 compensation for the service issues that occurred following the closure, namely being given incorrect information about being able to make transfers over the phone, the customer service she received on a phone call and also the issue with her Universal Credit. Miss S also received £166 for the travel costs she incurred in attending branch.

I've considered whether I think the £320 is fair for these issues and I think it is – in fact, it is likely more than I would have recommended for these issues alone. However, I don't think this amount is fair for the complaint as a whole, given my conclusions around the block being in place during the notice period.

Miss S's personal circumstances, including her health and the fact she is a full-time carer for her daughter, made attending branch extremely difficult and inconvenient. Something she made Lloyds aware of. It's also clear the money in the account was benefits and essential to her day to day living and caring responsibilities, so she didn't have any other option but to get herself to branch when this money was paid in. Because of the frequency of these payments and her need to pay bills and use the money for essentials, she had to attend branch over 15 times during the notice period and this understandably took its toll on Miss S given her situation. Miss S shouldn't have needed to attend branch at all, as she should have had full access and use of her account during the notice period. This would have prevented the inconvenience she faced in having to do so and some of the stress she faced in having to sort everything out so quickly. Given this, I think an additional £100 would be fair. This would take the total compensation for distress and inconvenience to £420.

When reaching this conclusion, I've taken into account that Miss S has had trouble opening an account elsewhere, as well as having other accounts in her name closed. While she believes Lloyds is responsible for this, I must stress that I've seen nothing to suggest this is the case. So, while I do think Lloyds should have allowed Miss S to use her account during the notice period, I'm conscious she would have always suffered a level of inconvenience

and frustration during this time in trying to arrange new banking facilities. And had she not had these issues, would have been able to transfer her payments to a new account sooner. This is not something I can hold Lloyds responsible for though, as I'm satisfied it was entitled to close her account and isn't responsible for the issues Miss S is having in opening another account elsewhere or having other existing accounts closed down.

I do think Miss S's full travel costs should be covered, but she isn't able to evidence what this totalled, so unless she has anything further, I'm satisfied the £166 Lloyds has already paid is fair. Having reviewed the complaint notes Lloyds provided, I can see it did ask for this evidence in November 2020. So, while I appreciate Miss S's comments about not having this evidence anymore, she did have the opportunity to provide it at the time.'

Lloyds responded to the provisional decision and agreed.

Miss S responded explaining that her travel costs would have exceeded £500 as each taxi trip to branch was £15 there and £15 back, with a £5 waiting fee. She also said her phone bill was over £100 due to all the calls she had to make to Lloyds.

Miss S also explained the severe impact continually travelling to branch and having difficulty getting her money had on her mental health. So overall, she didn't think the compensation was sufficient.

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 appreciate the impact having to attend branch so many times had on Miss S and I'm truly sorry to hear how difficult this was for her. However, I'm satisfied a total award of £420 is a fair reflection of this in the circumstances. As I said in my provisional decision, I do have to take into account Miss S was struggling to open an account elsewhere at the time and this isn't something I can hold Lloyds responsible for. So, I think some of the stress Miss S was under would have been down to this and her inability to move her regular payments elsewhere smoothly.

In relation to the costs, as I explained in my provisional decision, I do think Lloyds should cover these as Miss S shouldn't have had to attend branch. But I think what it has already paid is fair without any further evidence of this. Lloyds explained to Miss S at the time of her complaint that it would cover additional costs if she could evidence these as she had given different examples of what the taxis were costing her. I can see it specifically asked for a copy of her phone bill and taxi receipts at the time. Miss S had the opportunity to provide these at that point and have her expenses covered, so it wouldn't therefore be fair for me to now direct Lloyds to pay Miss S an unknown amount of money.

So, whilst I fully appreciate Miss S's strength of feeling about how she was treated, I'm not minded to direct Lloyds to pay anything additional to the £100 set out in my provisional decision.

Putting things right

Lloyds should pay Miss S an additional £100 for the trouble and upset caused, taking the total award for this to £420.

My final decision

My final decision is that I uphold Miss S's complaint against Lloyds Bank PLC and direct it to pay her £100.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 29 March 2023.

Sarah Brimacombe
Ombudsman