

The complaint

Mr K complains Lloyds Bank PLC unfairly closed his accounts. He wants to know Lloyds' reasons, his accounts to be reinstated, and compensation.

What happened

Mr K held various accounts with Lloyds, including a credit card, accounts held in his name for his children, and a joint current account with his wife.

My final decision only considers the closure of accounts Mr K held solely, so not his joint current account. I'm aware he was also concerned about an account in his wife's name only which was closed.

In order for our service to consider a complaint about the joint account, his wife would need to join because as an account holder she has an interest in any outcome that our service might reach. Similarly, only Mr K's wife can bring a complaint about the account she held solely – as the account holder only she is eligible to complain about it under the Dispute Resolution Rules (DISP) which set out our service's jurisdiction.

Mr K says he applied to be a private banking customer with Lloyds in 2021, which wasn't approved. A few months later Lloyds decided to close all of his existing accounts. Mr K was surprised by their decision, given he had been a long-standing customer of theirs. He wanted to know why.

Lloyds said they didn't need to provide him with a reason in accordance with their terms and conditions. Later on, Lloyds offered him a small sum of redress to make up for incorrectly telling him they had decided not to close his credit card account, as that account would still close.

Unhappy with Lloyds' response, Mr K brought his complaint to our service. Our investigator decided to uphold his complaint. In summary they found:

- Lloyds repeatedly failed to tell our service why they closed Mr K's accounts. Although they weren't obliged to tell him their reasons, they still needed to disclose them to our service.

Our role was to consider whether Lloyds had treated Mr K fairly. As they refused to provide their reason(s) for closing the account, they hadn't shown they had. Lloyds should pay Mr K £150 to put matters right.

- Lloyds didn't need to reopen his accounts.

Lloyds agreed to pay £150, but Mr K didn't accept the outcome. He said £150 wasn't enough, he wants his accounts reinstated, an apology, and to see evidence they are improving the service they give to customers. He asked for a final decision from an ombudsman, so his complaint was given 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.

I've decided to uphold Mr K's complaint, but I don't require Lloyds to do anything more than pay him £150. I'll explain why.

Lloyds don't have to tell Mr K why they closed his accounts, as detailed in their terms and conditions. I understand why this is frustrating for Mr K, but I'm not awarding him compensation because he doesn't know why his accounts closed.

Lloyds, however, do have to provide our service with their reason(s) for closing Mr K's accounts. I need to be able to consider their reason(s) to determine what is in my opinion, fair and reasonable in all the circumstances of the case. I need to be able to test whether Lloyds' decision to end their relationship with Mr K was an exercise of their commercial discretion, as opposed to it being an error or plainly unreasonable.

Lloyds should be aware of the evidential remit afforded to me under DISP 3.5 of the Dispute Resolution Rules. Among other things it gives me the power to require a firm to provide me with evidence, treat information in confidence where appropriate, and to "*reach a decision on the basis of what has been supplied and take account of the failure by a party to provide information requested*" (DISP 3.5.9R (3)).

I've carefully considered Lloyds' basis for not providing their reason(s) to our service. I'm satisfied they aren't correct and so Lloyds aren't excluded from providing the information which has been requested from them. So, under DISP 3.5.9R (3) I've taken account of Lloyds' failure to provide information which they should have provided when reaching my decision.

I'm not satisfied Lloyds have shown they closed Mr K's account within the bounds of their commercial discretion, so I can't reasonably conclude the trouble and upset he experienced as a result of their actions was justified. I find he should be awarded compensation.

Mr K was a customer of Lloyds for a number of years, so he was no doubt impacted negatively when his accounts closed. I'm satisfied £150 is adequate to make up for this. I haven't seen evidence or information which would lead me to conclude a larger sum would be appropriate.

I'm not directing Lloyds to reopen Mr K's accounts. Lloyds don't want him as their customer, so requiring them to reopen accounts they could subsequently close again wouldn't be pragmatic in his circumstances. I've also borne in mind that the underlying basis for Lloyds' decision may be legitimate, even though they haven't established this to my satisfaction. So, I don't require them to issue Mr K with a formal apology.

Mr K wants to see evidence that Lloyds have improved their customer service. But I don't find they need to do this. It's not my role to monitor or comment on the overall conduct of Lloyds outside of considering the individual circumstances of Mr K's complaint. So, I've not made findings on the overall service Lloyds provides to their customers.

Putting things right

Subject to Mr K accepting my final decision, I direct Lloyds Bank PLC to pay him £150 in compensation within 28 calendar days of his acceptance.

My final decision

I've decided to uphold Mr K's complaint. Lloyds Bank PLC should pay Mr K compensation according to my direction above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 9 June 2023.

Liam King
Ombudsman