

The complaint

Mr G complains as trustee of a trust which I'll refer to as J. He says that Lloyds Bank PLC ("Lloyds") wrongly closed an account belonging to J and inappropriately disposed of the funds that were held in it.

What happened

- Mr G has told us that J is a small family trust that was set up by his father in 2002. As well as inheritance tax planning, Mr G believes the other purpose was to benefit the grandchildren since there were no direct provisions for them in his parents' Will.
- In January 2003 Mrs G, who is Mr G's mother, opened Lloyds' Club Society trust account (the Account), on behalf of J. Mrs G was the sole trustee.
- In 2016 Lloyds stopped offering Club Society trust accounts and the Account was converted to the bank's Classic account with Mrs G as the account holder.
- A statement dated 16 June 2016 was sent to Mrs G. Addressed to her and referring to the Account as "Your Account", the statement confirmed the previous month's transactions – being from 17 May – 16 June 2016. Also, the statement showed the name of the Account as the bank's "Classic" account.
- In August 2021 Mrs G sadly died and Mr G became one of the Executors of her estate.
- In September 2021 the solicitors acting for the Executors wrote to Lloyds to request details of the balance in all Mrs G's accounts, including those that weren't specifically mentioned in their letter. Lloyds did, as requested.
- In July 2022 after receiving the Grant of Probate from the solicitors, Lloyds closed all Mrs G's accounts, including the Account. They then sent all the proceeds, which also included the £1,960.58 that was in the Account to the solicitors.
- Subsequently Mr G and his brother who by then had together been appointed trustees of J, attended the bank to register themselves as trustees so that they could operate the Account. Lloyds told them, however, that since 2016, the Account belonged to Mrs G and furthermore, that it no longer existed because of the action they'd recently taken in July 2022. So, Mr G complained to the bank about its actions.
- Mr G told the bank that despite the events of 2016, the funds in the Account belonged to J. As proof, Mr G referred to the cheque book for the Account which he said Mrs G continued using after 2016. In particular he pointed out that Mrs G's full name and initials were stated on each of the cheques, followed by J's name. So, the

money that was in the Account was no part of Mrs G's estate and therefore, Lloyds should not have closed it and send the proceeds to the solicitors.

- To put things right, Mr G wanted Lloyds to reinstate an account for J and to pay compensation.

Lloyds didn't think they'd done anything wrong. They maintained their position regarding the events that took place in 2016 that the status of the Account changed in that year.

Furthermore, they said that before making that change the bank wrote to all its customers to let them know the action being proposed and to invite them to transfer to the Classic account if they wished to remain with the bank.

Lloyds said Mrs G having agreed to transfer to the Classic account, they acted appropriately when they completed that transfer. And the bank also believed the same could be said when in July 2022 they transferred the proceeds of the Account to the solicitors on presentation of the Grant of Probate.

In relation to the chequebook, Lloyds acknowledge it was indeed personalised as Mr G pointed out. And they acknowledge too that Mrs G continued to use the chequebook after 2016. But according to Lloyds this was done to make it easier for Mrs G to identify the different accounts from which she was writing cheques.

The complaint remained unresolved and so Mr G referred it to this service to look into.

Our investigator didn't uphold the complaint. He was satisfied the Account was in the sole name of Mrs G at the time of her passing. He concluded therefore, that it was no longer a trust account and on Mrs G's death the Account proceeds became part of her estate. So, when the Grant of Probate was presented to the bank the investigator didn't think Lloyds did anything wrong when they transferred the balance in the Account to the solicitors.

Mr G didn't accept the investigators conclusions and asked that the case be reviewed by an ombudsman. For that purpose, the case has been referred to me.

In summary Mr G said he remembers seeing a letter from Lloyds in 2016 about changing the name on the Account. And although he doesn't now have a copy of the letter, after being provided with the details of what the contents would have been, he said it's worth noting the following sentence saying:

"You will still be able to do everything that you can currently do with your existing account."

Based on that, Mr G maintains this would indicate that apart from being renamed 'Classic', the Account remained the same type as originally opened by Mrs G in 2003. He said that was indeed his view in 2016 when the statement from Lloyds was received in June of that year. He said he noticed the Account's name was shown on the statement as "Classic". But believing as he did that there had been no other changes, he said he wrote a note on the statement saying: *"Notified of new name of account type"*.

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.

Where the evidence is incomplete or inconclusive (as indeed some of it is here) I reach my

decision on the balance of probabilities – in other words, what I consider is most likely to have happened in the light of the available evidence and the wider circumstances.

I start by considering whether Lloyds did anything wrong when in 2016 they decided they no longer wished to continue offering their Club Society trust account to customers.

In the same way a customer can choose whether to continue banking with a particular bank, so too a bank has a commercial discretion to determine the accounts it is prepared to offer its customers. It's no part of my role as ombudsman to question the legitimate exercise of that discretion, although I can consider whether that discretion has been exercised fairly.

In this case Lloyds took a commercial decision to discontinue offering their Club Society trust account - including to existing customers. And I'm satisfied they did exercise their discretion fairly.

I say that because in 2016 before Lloyds discontinued the Club Society trust account, they notified their customers in writing of the action they proposed to take, the timeframe as well as the alternatives available to such customers.

Whilst I haven't seen a copy of the actual letter that the bank sent to Mrs G, like Mr G I've seen a template confirming its contents. I have no reason to doubt the bank did send the letter to Mrs G. More important still, Mr G does not argue that Lloyds omitted to do so.

I'm satisfied the letter made clear the action the bank intended taking regarding the Account. And I note the bank also laid out alternative account options besides the Classic account.

Importantly, however, the letter said:

"If you prefer to close your account or discuss alternative options, please visit us in branch".

It's no part of Mr G's case that Mrs G did so in order to make alternative arrangements and nor did she close the Account. It seems reasonable to conclude therefore, that Mrs G was happy for the Account to become a Classic account and therefore ceased operating as the Club Society trust account.

I'm satisfied also that the statement for May to June 2016 demonstrated the change had taken place. In the circumstances, I'm not persuaded Lloyds did anything wrong or acted unfairly when they discontinue the Club Society trust account and converted the Account to their Classic account. This therefore meant that from 2016, the Account operated differently as one belonging to Mrs G personally. I am further satisfied in light of the nature of the solicitors request in September 2021 it also didn't do anything wrong when in response to that request, the bank sent details of the Account to them.

I next turn to consider whether by closing the Account and sending the proceeds to the solicitors, Lloyds did anything wrong.

Lloyds took this action so that Mrs G's estate could be administered. In light of my findings above, in particular that after 2016 the Account became a personal account belonging to Mrs G, it follows that here too I've not been persuaded that Lloyds acted wrongly.

Mr G has drawn attention to the position of the chequebook which Mrs G continued using to operate the Account after 2016. So, I've thought about whether this, therefore, meant the Account should be considered as continuing to operate as a trust account. In other words, as one belonging to J, meaning it did not form part of Mrs G's estate on her death. But I don't believe it does.

Lloyds acknowledged they continued to honour cheques written from the old chequebook. And they've stated their reasons which I've already mentioned. In my opinion to the extent that Lloyds were prepared to act as they did in that connection, ultimately, this was a matter for the bank's commercial discretion. But it doesn't follow the change that took place in 2016 had no effect.

I appreciate Mr G's disappointment at learning that the Account no longer existed and that its proceeds had become part of Mrs G's estate for distribution in accordance with her Will. But I do not find that the events that led to that occurrence resulted from anything the bank did wrong. But even if my findings were different, which they are not, bearing in mind the action Mr G would like the bank to take to resolve this matter, I wouldn't be able to require Lloyds to reinstate an account they no longer offer to customers.

My final decision

For the reasons I've explained above my final decision is I do not uphold this complaint

Under the rules of the Financial Ombudsman Service, I'm required to ask J to accept or reject my decision before 28 February 2024.

Asher Gordon
Ombudsman