

The complaint

Mr K is unhappy that Lloyds Bank Plc withdrew his credit card account without giving him any notice or reasons for doing so.

What happened

On 3 October 2022, Mr K unsuccessfully tried to use his credit card to purchase flights. He contacted Lloyds Bank and was informed that his account had been withdrawn. Unhappy with this, Mr K raised a complaint.

Lloyds Bank told Mr K they withdrew his credit card on 21 July 2022. They said his account wasn't closed but they've removed the facility for him to spend and increase the balance. They explained they may cancel or suspend use of the card if they consider it necessary as a responsible lender, and this decision had been made in line with the terms and conditions of the account.

Mr K referred his complaint to our service. He explained he was travelling abroad and didn't have a credit card he could use. He felt he wasn't given a proper answer as to why Lloyds Bank had taken this decision despite being a long-standing customer.

Our investigator said he'd considered the reasons Lloyds Bank had given to withdraw Mr K's credit card and was satisfied they hadn't acted unfairly. Mr K disagreed and asked for an ombudsman to review his complaint.

My provisional decision

I issued a provisional decision on 13 April 2023, and I made the following findings:

"I've looked at the terms and conditions of Mr K's account. This explains that Lloyds Bank can cancel or suspend use of the credit card in some circumstances. The reason Lloyds Bank have relied on in this case is:

"we consider it necessary because as a responsible lender there is or is likely to be an unacceptable or increased risk of you not repaying what you owe us. This could be because of how you manage this account or other accounts you have with us, information we get including from credit reference agencies or debt advisors, or us finding that you are bankrupt or have made an arrangement with your creditors"

I've also looked at Lloyds Bank's internal notes and the credit card statements which evidences why they made this decision. Having done so, I'm satisfied Lloyds Bank haven't treated Mr K unfairly in suspending the use of his credit card. This was a legitimate lending decision Lloyds Bank were entitled to make in line with the terms and conditions of the account.

The terms and conditions also allow Lloyds Bank to end the agreement and close Mr K's account immediately (without notice) if he repeatedly broke the agreement. I can see Mr K repeatedly broke the agreement when he failed to make the required monthly payments, a number of times, from August 2021 to April 2022.

I'm satisfied Lloyds Bank acted in line with the terms and conditions when they decided to end Mr K's credit card agreement without any notice. So, I can't agree Mr K has been treated unfairly.

I appreciate Mr K doesn't feel he's been given proper answers for why Lloyds Bank made this decision. I can see Lloyds Bank have given Mr K sufficient reasoning for their decision and I can't reasonably expect them to, nor are they obliged to give Mr K any more details.

Whilst Lloyds Bank didn't have to give Mr K notice of their decision to suspend or cancel his credit card, or ultimately end the agreement, it's still reasonable to expect that they'd notify Mr K of their decision.

Lloyds Bank's system notes show that they decided to withdraw Mr K's credit card on 21 July 2022. But I haven't seen any evidence to show they sent Mr K any correspondence to inform him of their decision. It wasn't until Mr K attempted to use his credit card in October 2022 that Lloyds Bank told him they'd decided to withdraw his credit card.

I think Mr K would've been disappointed and upset about Lloyds Bank's decision to end his credit card agreement, even if he was informed of their decision sooner. But he was adversely impacted by Lloyds Bank's poor communication on the matter, as he wasn't able to use his credit card to book his flights or use it while he was abroad. It also didn't leave him with enough time to mitigate his circumstances or arrange a suitable alternative which he could've done if he was aware sooner.

It's not unusual for people to use a credit card to book flights or travel with one for additional protection. If Lloyds Bank had informed Mr K of their decision around July 2022, I think it could've avoided the unnecessary distress and inconvenience Mr K was caused.

Also, Lloyds Bank didn't give Mr K correct information in their final response letter. They told Mr K that his credit card account hadn't been closed, but they'd removed the facility for him to spend and increase the balance. They explained the credit card would be closed when he repays his balance.

However, Mr K didn't have an outstanding balance since 26 May 2022, but the credit card account wasn't closed until 16 November 2022. It's unclear why Lloyds Bank delayed the closure of the credit card account. In any event, I can understand why this conflicting information about the balance Mr K owed would've been confusing to him and made him feel Lloyds Bank had reached the wrong decision.

All things considered, I think the customer service Mr K received from Lloyds Bank fell short of what he could rightly expect. Taking into account the impact of the communication issues on Mr K, I think Lloyds Bank should pay £100 compensation to reflect the distress and inconvenience he was caused."

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.

Both Mr K and Lloyds Bank responded to my provisional decision confirming their acceptance.

Since there isn't any further information or evidence for me to consider, I'm satisfied with the findings I reached, and I see no reason to deviate from the outcome I explained in my provisional decision.

My final decision

For the reasons explained above, my final decision is that Lloyds Bank Plc should pay Mr K £100 compensation for the distress and inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 30 May 2023.

Ash Weedon
Ombudsman