

The complaint

Mr and Mrs K complain Lloyds Bank PLC unfairly closed their joint account.

What happened

Mr and Mrs K held a joint account that Lloyds subsequently closed following a review. Mr and Mrs K say this was unfair. They want the account reinstated, an apology and compensation.

Lloyds closed other accounts which weren't jointly held by Mr and Mrs K, but this decision only concerns this account. Any complaints which have not already been considered by our service would need to be brought by the account holder for the accounts in question.

Our investigator upheld Mr and Mrs K's complaint in part. They concluded:

- Lloyds aren't under a specific obligation to disclose why they closed Mr and Mrs K's account, and they gave Mr and Mrs K notice that their account would close in line with the account's terms and conditions.
- Lloyds failed to provide our service with their reason for closing the account despite several requests. As a result, Lloyds failed to show they closed the account fairly.
- Lloyds should pay Mr and Mrs K £150 for the impact the closure had on them.

As no informal resolution was agreed following our investigator's view, Mr and Mrs K's complaint has been given to me as an ombudsman to make a final decision.

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 this complaint in part.

Lloyds aren't currently obliged to tell Mr and Mrs K why they closed their joint account. Although having their account closed was understandably concerning for them, I'm not awarding compensation because they don't know why.

Lloyds do have to provide our service with their reason(s). This is so I can consider whether their decision was an legitimate exercise of their commercial discretion, as opposed to it being due to an error or manifestly improper.

Under DISP 3.5 of the Dispute Resolution Rules, I have 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'm not satisfied Lloyds' basis for not providing our service with their reasons is valid or means they are excluded from the provisions set out in DISP 3.5. So, in reaching my decision, under DISP 3.5.9R (3) I've taken account of their failure to provide information which they should have provided.

Lloyds haven't shown they closed Mr and Mrs K's account for a valid reason. So, I can't fairly conclude the trouble and upset Mr and Mrs K experienced as a result of the closure was justified. Clearly they were troubled by having their account closed – hence their raising of this complaint. I'm satisfied £150 is fair compensation to put this matter right. 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 and Mrs K's account. Lloyds clearly wanted to end their customer relationship with them, so requiring them to reopen the account wouldn't appear to be a pragmatic way forward. I've also borne in mind that Lloyds' decision might have a legitimate foundation, even though they haven't established this to my satisfaction. So, I don't require them to issue an apology in this circumstance

Putting things right

Subject to Mr and Mrs K accepting my final decision, I direct Lloyds Bank PLC to pay them £150 (in total) within 28 calendar days of their acceptance.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs K to accept or reject my decision before 6 September 2023.

Liam King
Ombudsman