

The complaint

L a limited company complains Lloyds Bank PLC unfairly closed its business account.

Mr E, a director of L brings the complaint.

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

In late March 2023 Mr E attended branch and was informed the cashier wouldn't be able to assist. Lloyds says this was due to computer issues. Mr E says he was treated unfairly by the members of staff as they refused to serve him. Mr E was taken into a side room to discuss his concerns with the branch manager.

Following Mr E's branch visit Lloyds investigated the concerns raised and summarised its findings in its letter dated 12 April 2023. It explained that it hadn't found its staff had acted unfairly, but it acknowledged the situation in branch caused Mr E distress. Lloyds offered Mr E £70 in recognition of this.

Lloyds also made the decision to close L's account following its review. It wrote to L on 21 April 2023 explaining the account for L would close on 30 April 2023, and Mr E should make alternative arrangements for L's banking needs.

Mr E raised another complaint at this stage, explaining the closure of the account was unfair and he had received poor service. Lloyds explained it had closed L's account in line with the account terms and conditions.

Mr E referred L's complaint to this service. An Investigator reviewed the available evidence and found that Lloyds had acted reasonably in the circumstances.

Dissatisfied with this review, Mr E asked for L's complaint to be reviewed by an Ombudsman.

I issued my provisional findings on 13 March 2024. Both sides have now responded so I will now issue my 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 included my provisional decision below.

Firstly, I'm aware that I've only summarised Mr E's complaint points. No discourtesy is intended by this. Our rules allow me to take this approach. It simply reflects the informal nature of our service as a free alternative to the courts. If there's something I haven't

mentioned, it isn't because I've ignored it. I can assure Mr E I have read everything he has provided on behalf of L. I will deal with the key points Mr E has raised in turn.

Events in branch

Mr E attended branch in late March 2023 to make wages payments for L, and during this visit he says he was treated poorly and discriminated against. Mr E says the staff refused to serve him, and two members of staff singled him out. As part of my review, I've considered Mr E's comments and the evidence provided by Lloyds, which includes its staff comments about the events which occurred.

I can see that prior to Mr E's visit in branch in March 2023, he had attended the same branch in November 2022 and raised concerns about service. Mr E says he requested a printout of a mini statement and the staff member refused to provide this. Mr E was eventually provided with one by the branch manager. I've included this detail as it seems Mr E's relationship with Lloyds and the branch staff started to deteriorate from this point onwards.

During the visit in late March 2023 Mr E says he was refused service at the counter. The Investigator asked Lloyds for CCTV footage from this day; however, it has explained this no longer available as it is only retained for 30 days. This is unfortunate and means I must consider the available evidence to decide what I think is most likely to have occurred in branch.

Lloyds has explained that when Mr E attended branch it was experiencing issues with its computer system. As a result, the branch manager was approaching customers who were queuing in an attempt to provide alternative assistance. Mr E says he felt humiliated that he wouldn't be served at the counter and that he was being targeted. At this point it seems events escalated between Mr E and the branch manager, and another branch manager who was also present intervened.

Mr E was taken to a side room where his concerns were discussed. Mr E called Lloyds at this point, and a copy of this call has been provided. Mr E is very upset, and both branch managers try to reassure Mr E that he wasn't being singled out in any way. It's clear during this call that the branch manager Mr E was accusing of targeting him was frustrated and both he and Mr E felt as though they weren't being listened to. I do think that steps should've been taken to de-escalate the situation sooner as both sides needed time and space. Lloyds acknowledged Mr E's comments when he raised his complaint and offered Mr E £70 in recognition of the distress caused to him. Overall, I think this was a difficult situation for both Mr E and the staff members to navigate, and Lloyds' apology and £70 payment in recognition of its part in the situation is fair in the circumstances.

Mr E has raised concerns about being targeted and discriminated against throughout his complaint. Mr E has pointed out that he's been a loyal customer of Lloyds for many years and says he has always operated L's account properly. I must highlight that the complaint brought against Lloyds is by L, a limited company, which is a legal, inanimate entity.

However, I am mindful of Mr E's position in L and his strength of feeling about his treatment. It is not my role to decide whether discrimination has taken place – only the courts have the power to decide this. I have, however, considered the relevant law in relation to what Mr E has said when deciding what I think is the fair and reasonable outcome. Part of this has meant considering the provisions of The Equality Act 2010 (The Act). And after looking at all the evidence, I've not seen anything to suggest that Lloyds treated Mr E, the director of L, in a discriminatory manner or that it closed L's account for an improper reason.

Closure of L's account

Following a review of L's complaint Lloyds took the decision to close its business account. I appreciate the closure of L's account came as a shock to Mr E, and he's raised concerns about the impact this had on him and the day to day running of L. But looking at the available evidence I think Lloyds' decision is fair and I'll explain why.

As a financial business, Lloyds is able to decide who it wants to provide accounts and services to – in much the same way that L is free to decide who it banks with. But it's also entitled to decide whether it wants to continue providing customers with accounts and services on an ongoing basis. This is also reflected in L's account terms and conditions, which allow it to end its relationship with a customer immediately in certain circumstances.

The closure letter issued to L explained the closure was due to the incident in branch which involved verbal abuse. The terms and conditions state the agreement with L can be ended immediately if: 'you are or may be behaving improperly – for example in a threatening or abusive way.' Mr E strongly contends this description of his behaviour, explaining he was not abusive during the visit. When considering this complaint, I must weigh up the evidence from both sides, and although I appreciate Mr E doesn't feel he was rude or abusive, the Lloyds staff members have explained they felt worried and distressed following Mr E's visit. This area is very subjective and what one person considers inappropriate behaviour, may be different to another. However, the ultimate issue here is that Lloyds has a responsibility to support its staff, and I think its actions here – in particular the decision to end its banking relationship with L - is reasonable and in keeping with this responsibility.

I must also highlight that it's clear from Mr E's comments and Lloyds' records that the relationship between Mr E and members of staff in branch had significantly deteriorated. Mr E regularly attended branch for L's banking needs, and I think it would've been challenging for both parties to continue an amicable banking relationship following the events which had unfolded at the end of March 2023.

I am sorry to hear of the distress and inconvenience the closure of L's account has had on Mr E. But the relationship Lloyds had was with L, not Mr E as a consumer. And the complaint surrounds what happened to the business agreement L held. In other words, Mr E represents L, but he doesn't have an applicable customer relationship in his own right. He may feel he and his company are one and the same, and this is understandable, but under the dispute resolution rules (DISP) in the Financial Conduct Authority's handbook this is not the case. Simply put, a limited company cannot experience personal distress or upset at the hands of Lloyds. So, the distress and frustration Mr E says he has suffered are not losses experienced by L, but rather experienced by him in a personal capacity.

But I am also aware that Mr E didn't appear to use online banking for the running of L and making the necessary changes in light of the pending closure would've required additional time spent on phone calls and branch visits. I think Lloyds should've been more mindful of L's position when closing the account and provided more time for Mr E to make alternative arrangements. I can see that although the account was due to close on 30 April 2023, it in fact remained open, although its use was restricted. Lloyds should've provided a longer time frame, as its terms and conditions allow, and been clearer about the status of the account after 30 April 2023.

Overall, for the reasons explained above, I don't think I can fairly require Lloyds to reinstate L's account. I know my answer will be disappointing to Mr E, who strongly believes he was treated poorly by Lloyds and that he is due compensation. I can understand why Mr E feels this way, but having looked at all the evidence, I don't think Lloyds has acted unfairly here.

Putting things right

Lloyds Bank PLC should pay L £200 for the poor handling of its account closure.

Responses to the provisional decision

Mr E, on behalf of L, responded to my provisional findings reiterating that the CCTV from the time would support his complaint. However, as this isn't available, he accepted my provisional findings.

Lloyds responded to my provisional findings raising additional points. In summary, Lloyds say the compensation of £200 is excessive. I will address the concerns it has raised in turn.

Lloyds say £70 has already been offered to L in recognition of the events in branch. Lloyds notes suggest this payment has been made. In any event, this award was in recognition of events in branch, whilst the award outlined in my provisional decision is for the handling of the account closure of L. To clarify the £200 is separate from the £70 which was offered before the complaint was referred to our service.

In terms of the actual account closure, Lloyds explains it hasn't been able to close L's account due to technical issues. This means L has been able to continue to use the account and not made any attempt to contact the beneficiary of payments or companies that credit the account. L has therefore had longer than planned to use the account and the impact on L has therefore been limited.

I can see the statements for L show activity on the account following the proposed closure date of 30 April 2023. However, this isn't what was explained to Mr E. Lloyds informed Mr E that L's account would close by a specific date, and although it remained open, Lloyds didn't communicate this to Mr E. In my view, the key issue here is that L used the account for the day-to-day functioning of its business and once its decision to close the account had been made, Lloyds should've provided it with clear and consistent information. So, although the account wasn't officially closed down, I still think Lloyds should've taken steps to explain matters clearly to Mr E.

I must also reiterate that the award of £200 is not for events which took place in branch, and I accept Lloyds made the decision to close L's account due to incidents involving its staff. This award is to reflect the impact Lloyds' decision to close the business account with 7 days' notice had on L. As highlighted in my provisional decision, Mr E did not use online banking for the management of the account. Instead, Mr E relied on branch visits and telephone banking. In light of this, although Lloyds' decision to close the account is fair, I don't think its decision to do with such short notice was fair on this occasion.

For these reasons, I direct Lloyds to put things right as set out below.

Putting things right

Lloyds Bank PLC should ensure it has paid L the £70 it offered in recognition of events in branch if it hasn't already. I also direct it to pay L £200 for the poor handling of its account closure.

My final decision

For the reasons above, I uphold this complaint. Lloyds Bank PLC must now put things right as directed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask L to accept or reject my decision before 23 April 2024.

Chandni Green
Ombudsman