

The complaint

Mr H complains that Lloyds Bank PLC (Lloyds) blocked his sole trader account after a third party raised a false fraud claim against him.

What happened

In May 2023, Mr H complained to Lloyds after his account was blocked without warning. Lloyds looked into his complaint and issued its final response on 22 May 2023. It confirmed that his account had been passed to recoveries because of missed payments in respect of a Bounce Back Loan (BBL) Mr H had taken out to support his business. It said it hadn't received any contact alleging fraud on his sole trader account, and said the sole reason for its actions was the BBL arrears.

Mr H didn't accept Lloyds' explanation, so he brought his complaint to our service. However, our Investigator didn't uphold it. She was satisfied Lloyds had closed the account because of the BBL arrears and she saw no evidence of fraud reports against his sole trader account.

Mr H didn't accept our Investigator's findings. He said Lloyds had told him his account had been frozen because of a report of a romance scam. He asked for an Ombudsman to review the matter afresh.

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.

Firstly, I should say that I'm aware I've summarised the events of this complaint in far less detail than the parties, and that I've done so using my own words. The reason for this is that I've focussed on what I think are the key issues here, which our rules allow me to do.

This approach simply reflects the informal nature of our service as a free alternative to the courts. And I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome in this case. So, if there's something I've not mentioned, it isn't because I've ignored it, and I must stress that I've considered everything both Mr H and Lloyds have said, before reaching my decision.

I understand why Mr H is upset and I can see he made a similar complaint in respect of a personal account in his name. To be clear, I am not addressing his personal account complaint and my investigation has focussed solely on his sole trader account.

Lloyds has provided our service with a detailed history of its notes on Mr H's sole trader account. There are numerous references to the BBL missed payments over a sustained period of time and no references to any fraud claim. So, I'm satisfied Lloyds was concerned about Mr H's ability to repay his debts and I'm satisfied that is why it froze his sole trader account and passed it to recoveries.

Given what Mr H has told our service, I accept it's possible that Lloyds was motivated at

least in part by the fraud report he discussed with the bank. However, I've seen no evidence to support that suggestion and even if I were simply to take Mr H's word for it, ultimately the BBL arrears entitled Lloyds to block the account and pass it to recoveries in any event. So, I still couldn't reasonably say it treated him unfairly because, one way or another, it was entitled to do what it did.

My final decision

My final decision is that I don't uphold Mr H's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 4 December 2024.

Alex Brooke-Smith
Ombudsman