

The complaint

Miss E complains Lloyds Bank PLC (“Lloyds”):

- closed her accounts without warning or explanation
- denied access to her benefits, against which fees and charges were applied
- didn’t refund some disputed payments using the chargeback process, and in some instances re-debited previously refunded payments
- provided extremely poor customer service

Miss E says Lloyds’ actions have caused her substantive financial loss, distress, and inconvenience especially given her sensitive and challenging personal circumstances.

To put things right, Miss E wants Lloyds to open a new account for her, pay her compensation of around £1,100, refund one of the chargeback claims, and refund all bank charges.

What happened

The details of this complaint are well known by both parties, so I won’t repeat them again here in detail. Instead, I’ll focus on setting out some of the key facts and on giving my reasons for my decision.

In August 2022, Lloyds decided to close Miss E’s accounts and gave her 65 days’ notice of its intention to do so. Lloyds overturned this decision a day later following a further review. Miss E later had issues with several payments she disputed due to goods and/or services not being properly provided.

Some of these claims were declined by Lloyds. To investigate them further, Lloyds asked Miss E to provide further evidence. Some disputed payments, which were previously conditionally refunded by Lloyds using the chargeback process, were later re-debited to Miss E’s account.

In November 2022, following another review, Lloyds decided to close Miss E’s accounts and gave her 30 days’ notice. Miss E’s accounts were closed in December 2022.

Unhappy with Lloyds’ actions, Miss E complained. In its responses, and in short, Lloyds made the following key points:

- No charges were applied to the accounts when they were closed
- Lloyds are sorry to hear about what Miss E had said she’d been through, and it will always try and help and provide support. But it has concerns about Miss E’s behaviour, and its staff are not expected to deal with abusive, threatening, or offensive behaviour from customers’

- Having listened to calls with Miss E, Lloyds hasn't found any evidence its staff acted inappropriately
- Miss E had raised chargeback claims for payments made to a taxi service around November 2022. Lloyds temporarily decided to refund these payments despite it being outside normal process to help Miss E.

Miss E will need to provide the further evidence Lloyds has requested, and if it doesn't hear from her, it may need to take the refunds back

- Lloyds has acted in line with its terms and conditions when deciding to close Miss E's accounts

Miss E referred her complaint to this service. One of our Investigator's looked into Miss E's complaint, and they recommended it not be upheld. In summary, their key findings were:

- The majority of chargeback claims Miss E made were refunded. But in some instances Lloyds asked Miss E for evidence to support her claims, but this wasn't provided. Some claims were also not upheld after the merchant's provided further information
- A payment to a hotel that was temporarily refunded to Miss E's account in November 2022 was fairly re-debited as she failed to provide further information which Lloyds had requested.

This left Miss E's account overdrawn. The overdrawn balance was later reduced as Miss E received a refund against another merchant. Lloyds later transferred some funds from Miss E's other account to place it at a zero balance before closing it

- Lloyds acted fairly by re-debiting Miss E's accounts after she failed to provide the information it requested
- Lloyds has explained its decision to reinstate the closure of Miss E's account after it had reversed a similar decision a few months previously. Miss E's calls with Lloyds show she was aware of this decision despite saying she wasn't notified.

Lloyds closed Miss E's accounts in line with its terms and conditions and is under no obligation to give an explanation

- Having listened to calls Miss E had with Lloyds there isn't any evidence to show calls were deliberately disconnected by its staff. Nor is there any evidence the service Miss E received on these calls was unreasonable.

Miss E did discuss some very sensitive and difficult issues, but they were handled appropriately

- After reviewing Miss E's statements, it doesn't appear fees and charges were made by Lloyds. And a refund Miss E says wasn't made, shows as being made on 22 December 2022. Nor do the statements show Lloyds took fees and charges from Miss E's last benefit payment received on 16 December 2022

Miss E didn't agree with what our Investigator said. As there is no agreement, this complaint has been passed to me to decide.

What I've decided – and why

I'm very aware that I've summarised the events in this complaint in far less detail than the parties and I've done so using my own words. No discourtesy is intended by me in taking this approach. Instead, I've focussed on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

If there's something I've not mentioned, it isn't because I've ignored it. 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. I do stress however that I've considered everything Miss E and Lloyds have said before reaching my decision.

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Having done so, I have decided not to uphold Miss E's complaint. I'll explain why.

Account closure

Lloyds is entitled to close an account just as a customer may close an account with it. But before Lloyds closes an account, it must do so in a way, which complies with the terms and conditions of the account.

The terms and conditions of the account, which Lloyds and Miss E had to comply with, say that it could close the account by giving her at least 65 days' notice. And in certain circumstances it can close an account immediately or with less notice.

Lloyds initially decided to reverse its decision to close Miss E's accounts when it gave her 65 days' notice in August 2022. I note also that it updated its systems with the circumstances Miss E explained and how she wanted Lloyds to tailor its approach and communication based on her vulnerabilities. I'm satisfied Lloyds acted fairly and reasonably when it reversed its decision to close Miss E's accounts.

Lloyds then re-instated its decision to close Miss E's accounts in November 2022 and this time gave her 30 days' notice. Lloyds has explained, and given me evidence, for why it did this. Having carefully reviewed this information, I'm satisfied Lloyds was entitled to close Miss E's accounts in the way it did. I'm also persuaded Miss E was aware of this decision shortly after.

I can understand Miss E would like a more detailed explanation, but Lloyds is under no obligation to do so. In reaching this finding, I've also weighed up if Lloyds could've acted any differently given what it knew about Miss E's circumstances. But given its concerns and the actions it had already taken to support her; I don't think it could have. I'm also persuaded it had concern enough to close the accounts in the way it did.

Chargebacks

Chargeback is the process by which settlement disputes are resolved between card issuers and merchants under the relevant card scheme. The chargeback system is intended to resolve settlement disputes. It's not uncommon for a bank to refund a payment in good faith where a chargeback has been raised, whilst they investigate it further by following the card scheme's rules.

Given what Miss E had told Lloyds about her circumstances and vulnerabilities, I'm

persuaded it acted fairly when temporarily refunding payments when its, and the card scheme rules, were to obtain more evidence from her.

I'm also satisfied Lloyds acted in line with its process and did so fairly and reasonably when asking Miss E for further evidence. On the calls I've listened to, I note Miss E says she couldn't do this. But based on what Lloyds were asking for, I'm satisfied it wasn't being unreasonable nor was what it was asking for onerous. So I'm satisfied Lloyds acted fairly when re-debiting payments it had previously temporarily refunded under the chargeback scheme.

Miss E says she wasn't refunded a payment under the chargeback scheme to a particular retailer. But I can see a refund was received in December 2022.

Fees and charges

Miss E says Lloyds applied fees and charges when it was closing her account and that some of these eroded her benefits. Having closely reviewed the statements, I'm satisfied Lloyds didn't apply such charges. I note a chargeback re-debit did put one of Miss E's accounts into overdraft, but I've already said Lloyds did nothing wrong in re-debiting any previously made refunds.

This action would have debited against Miss E's balance which was likely made up by some of her benefits. But Lloyds have done nothing wrong here given it was acting fairly in re-debiting funds in this way.

Customer service

Miss E has made some serious allegations against some of Lloyds' staff she spoke to on the phone. The severity of this is exacerbated by her circumstances and vulnerabilities. Because of this, I have very carefully listened to a large volume of calls and carefully reviewed Lloyds' internal call notes.

Having done so, I'm satisfied Lloyds didn't treat Miss E unfairly or inappropriately.

I note, to put things right, Miss E feels she should be awarded substantive compensation and that accounts are opened for her by Lloyds. But given I don't think Lloyds have done anything wrong, I see no basis to award any compensation for any distress and inconvenience Miss E has suffered. Nor do Lloyds have to open an account for her.

My final decision

For the reasons above, I have decided to not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss E to accept or reject my decision before 19 September 2024.

Ketan Nagla
Ombudsman