

The complaint

Mr S complains that Lloyds Bank PLC closed his accounts in error.

What happened

Mr S says that his father passed away, and his mother contacted Lloyds to close his father's accounts, but Lloyds closed Mr S' accounts. Mr S was overseas at the time, and he tried to use his card, but it didn't work, so Mr S had no money abroad. Mr S said that he contacted Lloyds, but they didn't appreciate the situation he was in.

Mr S says he asked to speak to a manager, but they refused until he mentioned he would highlight the issue on social media. Mr S says that he was told to use money from his friends, and he says there was laughing in the background of the call. Mr S says when he returned home, he had over 20 letters about his passing (even though it was his father who died). He says he missed his mortgage payment as all of his direct debits were cancelled, so Mr S had to spend a considerable amount of time on the phone to companies to correct what happened. Mr S made a complaint to Lloyds.

Lloyds upheld Mr S' complaint and paid him £400. They apologised for accidentally closing his account which caused Mr S various problems as he was overseas, and he wasn't able to use his card at all. They said his account had now been reinstated. Mr S brought his complaint to our service.

Our investigator did not uphold Mr S' complaint. He said Lloyds' records suggest the error was picked up on the same day it happened and on 2 October 2023 Mr S' direct debits and standing orders were reinstated, along with a new debit card being ordered. He said Mr S paid his mortgage manually and his credit file hadn't been affected.

Mr S asked for an ombudsman to review his complaint. He made a number of points. In summary, he said Lloyds left him without access to cash whilst he was overseas, refused to let him speak to a manager despite the severity of the issue, they suggested he was with friends, so it wasn't a big issue (although he was calling from a public bus, and he was with no friends).

Mr S also said that they didn't apologise on the initial call and just offered him compensation if he didn't take the complaint further, and they informed his family members that he had more than one account with Lloyds. Mr S says Lloyds lied about reinstating his accounts and direct debits and he had to ring the companies involved.

As my findings differed in some respects from our investigator's, I issued a provisional decision to give both parties the opportunity to consider things further. This is set out below:

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

Firstly I'd like to pass my condolences onto Mr S regarding his father's passing. Mr S has made a number of points to this service, and I've considered and read everything he's said

and sent us. But, in line with this service's role as a quick and informal body I'll be focusing on the crux of his complaint in deciding what's fair and reasonable here.

I must explain to Mr S that complaint handling by a business isn't a regulated activity and as such, the issues he's raised that relate directly to how Lloyds has investigated his complaint, such as they offered him compensation on his initial call does not come under my powers to consider.

I can understand why Mr S thought his account was closed – after all, Lloyds told him this in their final response to his complaint. But looking at the evidence provided by Lloyds, I can see his account wasn't actually closed, and his statement also doesn't show his account was closed and reopened. What happened was that an indicator was placed on the account which prevented any transactions or access to Mr S' internet banking between 30 September 2023 until this was removed on 2 October 2023, but the account remained open during this time.

Unfortunately, because of the indicator, this affected a lot of things for Mr S. Not only was he unable to access his account online for three days, and he was unable to access cash from his card as a result of this, but this affected any direct debits/standing orders on the account, not to mention he came back from abroad to letters that he had passed away which would be very upsetting at a time when his father had just passed away.

The error placing the restriction was noticed on the same day the restriction was placed on the account. I can see a system note on 30 September 2023 at 9:03 am which includes the wording "Please cancel this case, raised in error". But it seems this wasn't picked up until 2 October 2023 at 10:05am (likely due to 1 October 2023 being a Sunday).

I've considered what Mr S has said about his family being told he had more than one account. Lloyds have told us that they have been unable to find any evidence that any data regarding Mr S' accounts was disclosed to either his mother or sister, and that confirmation has also been provided by their bereavement team that no correspondence was sent in relation to his accounts.

From looking at the deceased notes I can't see that any correspondence has been sent out in relation to Mr S being deceased from the bereavement team. But it does appear that from a call I've listened to on 2 October 2023 that Mr S had with Lloyds when the indicator was removed that Mr S's mother was told Mr S' date of birth and the person she spoke to said he'd cancelled Mr S' account. So I do think it's likely that his mother was told some of Mr S' information, although it may have been information she already knew, such as his date of birth.

I've considered what Mr S has said about Lloyds lying about reinstating his account and his direct debits. But I'm not persuaded they lied about this. The removal of the indicator on 2 October 2023 effectively reinstated his account. The evidence does show that his direct debits were reinstated. But what I'm persuaded that happened is that if some direct debit payments were attempted to be claimed by the third party companies, and returned unpaid between 30 September and 2 October 2023, then the third parties may have cancelled the request at their end when the request had been declined.

I can see from Mr S' bank statement that there were seven direct debits which debited his account on 1 September 2023. So if these were scheduled for the first of the month, then when they were attempted in October, the restriction would have been on Mr S' account at this point (although these wouldn't debit Mr S' account on 1 October 2023 as this was a Sunday, they would have been attempted on 2 October before the indicator had been removed). And this is why I'm persuaded Mr S would have had several cancelled direct

debts even though Lloyds say they reinstated his direct debits, which the evidence shows they completed the paperwork to do this.

So this resulted in Mr S getting several letters and having to contact several companies to explain the situation and to ensure these direct debits were once again set up on his account. Receiving these letters would have been distressing for Mr S and he was inconvenienced by having to contact these companies and I've no doubt he had to spend a lot of time on the phone trying to resolve this.

I've listened to the calls that Mr S had with Lloyds on 2 October 2023. The call handler apologises for what Mr S is going through and he says he can try and complete a transfer for him. He asks Mr S if he'd like him to try a transfer from his savings account. The call handler tells Mr S that for some reason it's not allowing him to make the transfer and he apologises twice. He says he'll try and transfer Mr S to the online banking team.

The next call handler attempts to make a transfer for Mr S, but she realises there is the indicator on the account, so the transfer won't go through. She places Mr S on a brief hold while she can find out what she can do. Mr S is then transferred to the bereavement department.

The call handler apologises for what has happened. She tries to get through to the relevant team for the restriction to be lifted but as Mr S had been on the phone for an hour and a half by that point, and as he was ringing from overseas, he asked for a call back, which the call handler agreed to.

The call handler rang Mr S back, and she told Mr S that the indicator had been removed. Mr S raises a complaint, and the call handler does offer him £150, but she does apologise for what happened on this call. Mr S asks to speak to a manager as he wanted the situation resolved that day. The call handler does speak to her manager and informs Mr S that they have no way of getting in touch with a complaints manager and he will have to wait for the complaints team to get in touch with him.

Mr S asks to speak to her manager again. A manager joins the call. She explains the complaint has been escalated and they won't be able to resolve this today as it's been escalated. The manager confirms Mr S will have access to his app so he would be able to transfer money to his friends (as he was abroad). Mr S says that he hasn't got any friends there and the manager said she heard Mr S laughing in the background with someone while he was on hold. Mr S tells her she is making assumptions and the way she was talking to him was unacceptable.

Mr S explains he is on a coach, and he is having to have the conversation on a coach which is embarrassing in itself as people could hear him. Mr S asked for a transfer from his savings account to his current account which the manager said she would do. The manager doesn't reference on the rest of the call this had been completed, but I can see from Mr S' bank statement that the transfer was completed.

There's no doubt what happened on the phone on 2 October 2023 would have added to the distress of Lloyds' original error. Mr S was on the phone for hours. While I do think the first few call handlers were genuinely trying to help him, and the restriction was lifted this day, I'm persuaded the call with the manager could have been handled better by her. The manager did make assumptions about Mr S' situation which audibly distressed Mr S further at a time where he was very vulnerable just losing his father, then being abroad without access to his digital banking or cash. And as a new card was ordered it appeared he wouldn't be able to use the card he had, which understandably distressed him further.

Mr S has told us as a result of what happened, he was inconvenienced by having to arrange funds through his family while he was abroad. He said he literally had to beg his family members to pay his way while he was abroad.

So I've considered what would be a fair outcome for this complaint. Mr S was let down several times as a result of what happened, from the deceased indicator being placed on his account which had a serious knock on effect as not only did Mr S have no access to his digital banking, but he also had no access to funds. While this would be distressing for Mr S, it appears that Lloyds did discuss some of his details with his mother, and Mr S was very vulnerable at this time since he was abroad and he had just lost his father, therefore the impact of what happened would be greater in Mr S' particular individual circumstances.

Mr S also was on the phone for hours to Lloyds, experienced poor customer service at times, and I've no doubt that he received several letters from companies upon his return about missed direct debits, which would also be distressing. Then he would have had to contact the companies for the direct debits to be set up if they had cancelled the direct debits when they couldn't be debited from his account on 2 October 2023.

I asked Mr S if he could forward me an itemised phone bill as he needed to call Lloyds while he was abroad, and he was clear on his phone calls with Lloyds that this was costing him money to ring them. So if Mr S incurred call costs speaking to Lloyds about this issue when he was abroad, then I'm not persuaded it is fair for him to shoulder these costs due to Lloyds' error.

Mr S has been unable to provide the itemised phone bill by the deadline I gave him, so it's not clear how much these calls cost him. But if Mr S can provide evidence from an itemised phone bill that his calls with Lloyds about this issue cost him money when he was abroad, then I think it's only fair that Lloyds should reimburse him for these calls, as if they hadn't made the error, he wouldn't have needed to call them.

Lloyds paid Mr S £400 for what happened here. But I'm not persuaded that this fully recognises the impact of the errors had on Mr S, when he was at a particularly vulnerable point. The call with the manager further distressed Mr S and this was audible. Assumptions shouldn't have been made about where he was/who he was with. And I'm persuaded Mr S would have needed to have made several calls when he came back to third party companies.

I'm persuaded an extra £150 to total £550 is proportionate for what happened here. I'm persuaded this is a fairer reflection of the impact that Lloyds' actions had on Mr S. So it follows I intend to ask Lloyds to put things right for Mr S."

I invited both parties to let me have any further submissions before I reached a final decision. Lloyds accepted the provisional decision. Mr S did not respond to the provisional 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.

As neither party have provided me with any further information to consider, then my decision and reasoning remains the same as in my provisional decision.

Putting things right

In my provisional decision I said I intend to uphold this complaint. I said I intend to ask Lloyds Bank PLC to pay Mr S a total of £550 compensation (less anything he has already been paid) for distress and inconvenience.

I said if Mr S is able to provide an itemised phone bill showing his call costs to Lloyds while he was abroad speaking to them about the issues raised in this complaint, they should also reimburse these call costs to Mr S. I'm still satisfied this is a fair outcome for the reasons given previously.

My final decision

I uphold this complaint. Lloyds Bank PLC should pay Mr S a total of £550 compensation (less anything he has already been paid) for distress and inconvenience.

If Mr S is able to provide an itemised phone bill showing his call costs to Lloyds while he was abroad speaking to them about the issues raised in this complaint, they should also reimburse these call costs to Mr S.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 1 July 2024.

Gregory Sloanes
Ombudsman