

The complaint

Mr S complains that Lloyds Bank PLC unfairly closed his accounts.

What happened

Around March, Lloyds wrote to Mr S giving him notice that the bank would be closing the accounts he held with it. Mr S is unhappy that Lloyds didn't explain its decision. He also complains that Lloyds referred him to the Credit Industry Fraud Avoidance System (CIFAS) as part of its interactions with him about its closure decision. However, he found out that the bank didn't load any information about him onto the system.

Lloyds says it closed Mr S' account in line with its terms. Mr S doesn't agree and asked this service to independently review his complaint. Mr S says he's since had problems opening an account elsewhere and that he's experienced stress because of the bank's decision. Mr S also says he experienced delays in accessing his benefit payments.

Our investigator concluded that Lloyds had acted fairly. The investigator also pointed to there being no evidence that Lloyds referred Mr S to CIFAS but acknowledged that no information was loaded against his name anyway. Remaining unhappy, Mr S asked for a final decision. So his complaint has been passed to me to decide.

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'm not upholding this complaint. I know Mr S will be disappointed to hear this, so I'll explain why.

Lloyds is entitled to close an account. However, in doing so, it must ensure it complies with the terms and conditions of the account. The terms of the account say that Lloyds can close Mr S' accounts by giving him at least two months' notice. In certain circumstances, the bank can also close an account immediately.

Lloyds gave Mr S two months' notice that it was closing his accounts. Based on the information I've seen, I'm satisfied that Lloyds acted fairly and in line with its terms and conditions when doing so.

I understand Mr S' concern, given he would like to know why Lloyds closed his accounts. But the bank is under no obligation to explain why it made this decision. And although Lloyds placed restrictions on Mr S' account during the notice period, I can see he was able to receive and withdraw essential payments. So I'm satisfied Lloyds applied the restriction fairly.

It's important that I point out that our rules allow us to receive evidence in confidence. We may treat evidence from banks as confidential for several reasons – for example, if it contains security information, or commercially sensitive information. Some of the information

Lloyds has provided is information I consider should be kept confidential.

Mr S is unhappy that Lloyds referred him to CIFAS despite knowing it hadn't loaded any information onto the system. Having reviewed the information on file, I can't see anything that suggests Lloyds pointed Mr S to CIFAS. Nevertheless, as our investigator explained, Mr S has established that nothing had been loaded onto the system against his name. So I don't see cause to conclude that Lloyds has provided a poor service here.

Although Mr S points to challenges he experienced opening an account elsewhere, I can't see that this was due to something Lloyds has done wrong. Mr S told us that he opened a new account within two – three weeks. This suggest that Lloyds hasn't done anything wrong that would've prevented Mr S from opening an account with another banking provider.

Mr S recently found information recorded about him on another third-party database and queried this with our service. However, this isn't something that I can consider as part of my decision as Lloyds' action in recording this information isn't something Mr S has complained to the bank about – so this is something he'll need to do in the first instance before this service can get involved.

In summary, I'm satisfied Lloyds reached its closure decision fairly. Although I empathise with Mr S because he says he experienced stress and doesn't understand why the bank closed his accounts - Lloyds doesn't need to explain its reasons to him.

My final decision

For the reasons explained, I'm not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 11 November 2024.

Abdul Ali
Ombudsman