

## **The complaint**

Miss P complains about what happened after Lloyds Bank PLC marked her account as dormant.

## **What happened**

Miss P had an account with Lloyds which she opened in 1992. In 2010, the account became dormant. Miss P first complained about this in 2019. She didn't refer the complaint to us at that time, so I haven't looked at this further in this decision – but in response to that complaint Lloyds informed Miss P what documentation it would need to reactivate the account. Miss P provided some documents. Lloyds then told Miss P that the documents she'd sent for proof of address didn't meet their requirements. Following a further investigation, Lloyds told Miss P that it had also accepted an identity document when they shouldn't have – as the name on the document didn't match the name on the account. Lloyds agreed to close the account and arranged for the balance to be transferred to another account.

Lloyds accepts that the verification process took too long. It initially offered Miss P £20 plus £10 to help pay for certified copies of her documents. It has now paid a further £100 to reflect the distress and inconvenience this all caused.

A number of investigators looked at the complaint. Most recently, the investigator recommended the complaint be upheld and that Lloyds should consider an application for a new account if Miss P still wants one – and pay Miss P £450 to reflect the trouble and upset this all caused. Lloyds has agreed with this recommendation – but stresses that it cannot guarantee in advance that it would accept an application from Miss P. Miss P doesn't agree. The complaint has been referred 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.

Lloyds, like all financial businesses, is subject to legal and regulatory requirements designed to counter financial crime. To comply with these requirements, financial businesses will often suspend or close inactive or dormant accounts to manage the risk of these accounts being used for financial crime in future. Banks also have the commercial discretion to close accounts – provided they do so in line with the terms and conditions that apply to the account. Finally, Lloyds is also required to have up-to-date information about its customers. This means it may need to ask customers for up-to-date identity documents.

With this in mind, I can't say Lloyds was wrong to have maintained the restrictions on Miss P's account since 2019, or to have asked Miss P for details of her identity or address.

But Miss P has a double surname – a first surname, which she uses for day-to-day purposes, and a second surname that is also used for formal purposes. It appears Miss P used her first surname when she set up the account in 1992 – she says Lloyds's systems

didn't support double surnames at that time.

When Miss P initially contacted Lloyds to prove her identity, she supplied a proof of identity – which Lloyds accepted – and a proof of address – which Lloyds didn't. Lloyds says that it shouldn't have accepted her identity document, as it included the additional surname. As a result, Miss P had to provide further documentation. Lloyds says that if things had happened as they should have, Miss P would have been able to submit all her documents all at once.

I've thought about all of this. I accept that having to resubmit these documents caused Miss P inconvenience. And I agree that if Lloyds had identified the issues with Miss P's documents sooner, she might have resolved things sooner. With this in mind, I think the complaint should be upheld.

I've therefore gone on to think about what Lloyds Bank needs to do to put things right.

I've first thought about what happened to Miss P's account. Following her complaint, Lloyds continued to ask for identity documents from Miss P. Miss P then agreed that the account could be closed and the funds were transferred to her account overseas. I note that in June 2023, Miss P told us that "I don't have any interest in keeping my account with them any longer, I only want to have my money". The account itself closed on 28 July 2023.

Miss P now takes a different view. She's explained that although she lives overseas, she's eligible for a UK benefit. She wanted this to be paid into her Lloyds account. She says that as she no longer has access to this account she instead has her benefits paid into her overseas account which incurs higher fees. So she now wants Lloyds to reopen the account – or pay additional compensation.

We've asked Lloyds about this. It is willing to pay £450. But although it is willing to allow Miss P to apply for a new account with them, this will be subject to further identification checks - Lloyds will not promise that it will let Miss P open one.

This is significant in that the current terms and conditions for most bank accounts with Lloyds say that account holders need to be living in the UK to open an account with them. Lloyds does offer international accounts, but these are subject to minimum income or savings requirements.

Where I uphold a complaint, the compensation I'd recommend is intended to put the customer as far as possible in the position they'd be in if things had happened as they should have. Compensation for distress or inconvenience is not intended to punish the business but to reflect the impact of its actions.

Thinking about everything:

- While accept that Lloyds was entitled to ask Miss P for proof of identity and address, in line with its legal and regulatory obligations, it could have sorted things out a lot sooner. I accept it's likely that had it done so the account would have remained open.
- But Miss P instead agreed to close the account. As a result she has to pay fees to send some payments from the UK.
- It's possible Miss P might have been able to mitigate this. She might, for example, have been able to open an account elsewhere that accepts payments from the UK in pounds sterling. And I'm mindful Miss P appears to have agreed to close her account, even if she's now changed her mind.

Having taken all the above into account, I think the £450 agreed by Lloyds Bank PLC will be fair compensation in the circumstances of Miss P's complaint. It takes into account the

inconvenience Lloyds caused by its failure to complete its processes in a timely manner, as well as the inconvenience and cost to Miss P of having to rearrange her UK banking.

### **Putting things right**

Lloyds has already paid Miss P £100. My final decision is that Lloyds should pay Miss P a further £350, or £450 in total, if it hasn't already.

### **My final decision**

I uphold the complaint. Lloyds Bank PLC should put things right by doing what I've said above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss P to accept or reject my decision before 6 December 2024.

Rebecca Hardman  
**Ombudsman**