

## **The complaint**

Mr F complains Lloyds Bank PLC (“Lloyds”) erroneously concluded he’d passed away and closed his account.

Mr F says Lloyds’ error has caused him and his family significant distress and inconvenience.

## **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.

Mr F says he was living abroad at the time Lloyds closed his account in 2023. Lloyds had written to his registered address where his elderly mother had access to his post and Mr F’s authority to open his mail. Mr F’s mother found out Lloyds had closed the account as Mr F, her son, had passed away.

When Mr F was in the UK, he went into Lloyds’ branch and questioned why they had acted in this way given he was still alive. Lloyds accepted it had made an error and opened a new account for him.

Mr F complained. Lloyds upheld Mr F’s complaint. To put things right, Lloyds initially paid Mr F his closing balance of £42.42 and £50 for the distress and inconvenience it had caused. Mr F said he spent £12 on travel costs for his several trips to Lloyds’ branch. Lloyds looked into things again, and it then paid Mr F a further £50 compensation and £12 for his travel costs.

Mr F referred his complaint to this service. In summary, he made the following key points:

- He hasn’t received a proper explanation as to why Lloyds determined he had passed away
- He questions where his funds went after closure
- He hasn’t been paid any interest for his missing money
- No compensation has been paid for the distress his mother suffered when learning, in error, he had died
- Lloyds hasn’t fairly compensated Mr F for all the time he spent sorting out the issue. Mr F estimates he spent around 11 hours doing so

Lloyds offered Mr F a further £150 compensation for the distress and inconvenience he’d suffered – bringing the total to £250. Mr F felt this amount still felt short, and an award of £750 would be fair compensation.

Our Investigator looked into Mr F’s complaint. They said Lloyds offer of a further £150 compensation was fair. They also said this service couldn’t consider the distress and inconvenience Mr F’s family had suffered as they aren’t the customer.

Mr F didn't agree with what our Investigator said. As there was no agreement, this 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.

Having done so, I have decided to uphold this complaint. I'll explain why.

Lloyds accept it made an error in identifying Mr F as deceased and closing his account because of this. Mr F says he wants a detailed explanation. In short, Lloyds erroneously grouped Mr F's account into a cohort of others it was working as part of an internal project. This led to it being closed as deceased. So, in short, Lloyds made an error as part of its internal processes.

Lloyds has returned the funds in Mr F's account and opened a new account for him as it couldn't reinstate the previous one. I think this is fair and reasonable. Lloyds also paid Mr F the travel costs he said he incurred in resolving the matter. It has also paid him £100 compensation for the distress and inconvenience he has suffered. Later, after the complaint had been referred to this service, Lloyds offered to pay him a further £150.

So, that means what I need to decide is whether £250 in the round is fair compensation for the distress and inconvenience Mr F suffered because of what Lloyds did wrong.

Firstly, our Investigator was right to say this service can't consider the distress and inconvenience Mr F's mother and/or wife suffered. That's because this complaint relates to Mr F's customer relationship with Lloyds. Having said that, I don't undervalue the impact opening a letter from Lloyds saying her son had died had on Mr F's mother.

Our approach to such awards of compensation is published on our website. And I note our Investigator directed Mr F to this. Having referred to this, I'm satisfied Lloyds' error required reasonable effort to sort and impacted Mr F for a few weeks before it was rectified. Because of that I'm satisfied £250 is fair compensation. It doesn't appear from the statements and balance that Mr F was using his account for everyday essential costs nor to pay any regular payments which lapsed as a result. Mr F hasn't also said he suffered any other detriment financially.

Mr F has said that he should be paid interest on the time he was deprived of his funds. But given the small monetary value, I'm satisfied on this occasion that this has been addressed by the redress already paid and offered.

Lastly, and for the sake of completeness, I note Mr F wants to know where his funds went after the account was erroneously closed. It appears Mr F was told the funds were paid to an unknown third-party – so I can see why this concerns him. Lloyds hasn't shown what happened to the funds despite our Investigator asking. That means I don't have conclusive evidence to draw a finding on.

It's unlikely that the funds were paid to a third party given the nature of the work Lloyds said it was doing in which Mr F's account was erroneously drawn into. The key thing however is that Lloyds has paid Mr F the funds he had in that account. And that is what I'd expect it to do to fairly redress Mr F for his financial loss.

**My final decision**

I have decided to uphold this complaint. I now direct Lloyds Bank PLC to pay Mr F a further £150 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 20 January 2025.

Ketan Nagla  
**Ombudsman**