

The complaint

Miss B complains that Lloyds Bank PLC unfairly closed her accounts and registered a default on her credit file. She is also unhappy with the service she received when she visited a branch and complains that Lloyds didn't help her with her financial difficulties.

What happened

The detailed background of this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

Miss B had a current account with Lloyds which had an agreed overdraft of £600.

On 29 September 2023, Miss B attended a branch to show her ID to increase her overdraft. Miss B took several documents with her for verification purposes, including her expired passport, and a letter from DWP regarding her benefit payments.

The branch staff said it couldn't accept Miss B's passport as proof of her identification due to it being out of date. Miss B became upset and explained that she'd checked with Lloyds on the phone prior to going to the branch that it would be accepted. And said she was told that it would be fine.

Following this Lloyds said Miss B became verbally abusive and aggressive in branch. Miss B said she did swear at staff because they were rude to her. And that her medical conditions can cause her to become abusive in stressful situations.

Lloyds decided to close Miss B's account due to her abusive behaviour and sent Miss B a letter giving her two months' notice that she'd need to make alternative banking arrangements.

On 6 October 2023, Miss B contacted Lloyds and asked to speak to a manager about the decision to close her account. During the call Miss B became abusive, shouted and started swearing. The advisor warned Miss B about her behaviour, but she continued to be abusive and swear. So, the call was terminated.

On 9 November 2023, Miss B called Lloyds on three occasions to speak about her account being closed and to make a complaint, but she was abusive, shouted and swore at the call handlers. So, the calls were terminated.

On 13 November 2023, Miss B called Lloyds again to ask for help managing her overdraft. Lloyds agreed to freeze all interest and charges on her account, refunded her £100 and gave her a three-month breathing space period. Miss B said she was happy with this arrangement. She said she was due to have surgery but would be back to work within three months. So, her financial situation would improve, and she'd be able to clear her overdraft. During the call Lloyds went through an income and expenditure exercise with Miss B, however, she became frustrated and angry. So, the process wasn't completed.

On 23 November 2023, Miss B contacted Lloyds again. She said she didn't want her account to be closed. And requested a deferral to the following year, as she explained that she was due to go to hospital for an operation. Lloyds said it was unlikely they would change their decision due to her ongoing behaviour on phone calls. Lloyds closed Miss B's account in January 2024, and asked her to repay her overdraft. Miss B didn't make any attempts to repay what she owed. So, Lloyds recorded a default against Miss B's credit file.

Miss B referred her complaint to this service. Miss B says she didn't receive any help from Lloyds with her overdraft and says the charges kept increasing. She says she asked Lloyds for help. But it wouldn't agree any repayment plans with her and has now registered a default on her credit file. Miss B also says staff were rude to her when she went into branch with her documents.

Lloyds say Miss B was abusive and aggressive towards staff when she visited the branch. So, it decided to close her accounts and did so in line with the terms and conditions of the account. Lloyds said that it did review its decision when Miss B complained about the closure of her account, but Miss B continued to be abusive during several phone calls with its staff. So, it wasn't willing to change its decision.

Lloyds says it tried to agree a repayment plan with Miss B but without success and says it made the decision in line with the account terms and conditions to ask for the overdraft to be repaid. It also says it accurately reported the account position to the Credit Reference Agencies (CRA's).

The investigator looked at Lloyds records and thought it had given Miss B breathing space when she wasn't able to work whilst recovering from her surgery. The investigator also noted that Lloyds had frozen interest and charges on the overdraft, and refunded Miss B £100. So, the investigator thought overall Lloyds had tried to help Miss B and had acted positively and sympathetically to her position and was entitled to report the position to the CRA's. The investigator said Lloyds hadn't treated Miss B unfairly when it had decided to close Miss B's account and didn't accept the documents Miss B provided in branch.

Miss B didn't accept that view and remains unhappy a default has been registered and her account closed. To put things right she wants an affordable repayment plan put in place and the interest she's paid on her overdraft refunded.

As no agreement could be reached the matter has come 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.

Miss B has made a number of points to this service, and I've considered and read everything she's said and sent us including detailed information about her health. But, in line with this service's role as a quick and informal body I'll be focusing on the crux of her complaint in deciding what's fair and reasonable here.

Did Lloyds act fairly when Miss B visited the branch?

Miss B has said that she visited a branch and took several documents with her for identification purposes, which included her expired passport and letter from DWP. Miss B says prior to visiting the branch she checked with Lloyds and was told that the paperwork

would be accepted. However, when she presented them to staff she was told they couldn't be accepted due to Miss B's passport being out of date.

I've listened to the calls Miss B had with Lloyds prior to her branch visit. There are several calls on the 2 September 2023. There is one call where ID is mentioned, including taking a passport, which would be required to continue with the overdraft application. No discussion occurred about if the expired passport would be acceptable as the call terminated due to Miss B's language. However, there is a call that follows this and in this there is a brief discussion about taking in two forms of ID. In this call Miss B does mention her passport has expired. The advisor stated she does not believe this would be an issue, but that Miss B would need to take in other ID to be verified. I think it's likely that it's this call Miss B is referring to when she said Lloyds told her it would accept Miss B's expired passport as ID.

Having listened to the calls, I don't agree that Lloyds told Miss B that it would definitely accept Miss B's expired passport. In fact, the advisor told Miss B to also take other documents with her to the branch – which she did. I don't think Lloyds would have done this if it was happy to accept Miss B's expired passport at the branch.

Miss B has said she also took along her DWP letter, birth certificate and utility bills. So, Lloyds should have been able to process her application to increase her overdraft. She has sent us a copy of the DWP letter. Due to the time that has now passed, Lloyds can't confirm the other documents Miss B presented in branch.

I've reviewed the DWP letter Miss B says she took with her. Even if I accept this was provided in branch, I don't think the letter would have been accepted by Lloyds. I say this because, the letter was dated nearly two years before Miss B's branch visit, and Miss B's address on the letter was different to the address registered with Lloyds. To satisfy Lloyds ID requirements, the documents Miss B provided needed to be issued within the last year and the address matched to the bank's records. Having looked at the letter, I can't see that it would have satisfied these requirements. So, I can say Lloyds did anything wrong in not accepting any of the documents Miss B provided when she visited the branch.

Have Lloyds fairly closed Miss B's accounts

This issue is harder to consider. Miss B says she didn't deliberately resort to abuse during her visit to branch and only swore at staff because of the way she was treated by them. She says staff were rude, showed a lack of care and were condescending. Lloyds say she did abuse staff which is why they've closed her accounts down and they've pointed to the terms and conditions of the account which permit them to do this.

If a financial institution chooses to close an account, they should do so in line with the terms and conditions of the account and their reasons should be legitimate, fair, and non-discriminatory.

The terms and conditions say: "We can end this agreement or account. benefit or benefits package or service) without telling you in advance if we reasonably think that: - you are or may be behaving improperly. This includes being abusive or threatening to our staff or including abusive or threatening messages in payment instructions"

Lloyds gave Miss B 60 days' notice of closing her accounts, despite saying she'd been abusive. If I think Lloyds have reasonably decided Miss B was abusive, then Lloyds have acted more than fairly – as they've given her notice when they weren't required to. If I think Lloyds have unfairly decided Miss B was abusive, then Lloyds haven't acted fairly – as the terms go on to say they'll give 60 days' notice if no other reasons apply.

Miss B and Lloyds have provided different testimonies as to what happened when Miss B went into branch in September 2023.

Miss B accepts she swore at staff but has said she was confused, upset and stressed by the situation. She has said she only swore because staff were very rude towards her and her health condition makes managing stressful situations difficult. Conversely, Lloyds say that Miss B was aggressive and abusive.

Lloyds have also said that Miss B has continued to behave in threatening and aggressive manner when speaking to advisors on the phone over a number of months following her branch visit, which is why it isn't willing to change its decision about closing her accounts.

I've no concrete evidence of what happened in the branch. I wasn't there, and no CCTV recordings have been provided. But I don't think it's necessary to get to this level of proof. I say that because I'm satisfied I've been provided with enough information to reach a fair outcome.

Lloyds have provided recordings of several telephone calls it had with Miss B that took place between October and November 2023. I've listened to these calls, and I'm satisfied that Miss B was rude, aggressive, and abusive to Lloyds's telephony agents during them. And that therefore Lloyds's decision to exercise their right to close Miss B's accounts because of her abusive behaviour was legitimate, reasonable, and not unfair. I've also noted that Lloyds closed Miss B's accounts with two months' notice, instead of closing them immediately.

I appreciate the closure of Miss B's accounts came as a shock to her and caused her inconvenience. However, Lloyds has a responsibility to look after and support its staff, and I think its actions here – in particular the decision to end its banking relationship with Miss B - is reasonable and in keeping with its policy to protect their staff. So, I think Lloyds acted reasonably in making this decision.

Did Lloyds treat Miss B fairly when it asked her to repay her overdraft?

I have looked through Lloyds records and I'm satisfied overall that it acted positively and sympathetically to Miss B's position. I appreciate that Miss B was unable to work due to her health conditions and surgery. But I think Lloyds acted fairly by agreeing to allow her breathing space for three months, and freezing the interest and charges associated with the overdraft. Lloyd also refunded Miss B £100 of interest and charges. From listening to the calls it seems Miss B was happy with this arrangement at the time and told Lloyds she expected to be back to work once she had recovered from her operation, which was within the breathing space period.

I can also see from Lloyds records that during a call on 13 November 2023, Lloyds tried to complete an income and expenditure assessment with Miss B. I've listened to this call and Miss B wasn't happy with the questions the advisor asked about her outgoings. So, the assessment wasn't completed. I can also see that Lloyds made further calls to Miss B to try and put a plan in place, but Miss B refused to speak to Lloyds.

I'm satisfied that in line with the account terms and conditions Lloyds was entitled to ask Miss B to repay the overdraft on demand. And I think by that stage Lloyds fairly concluded that there was no real prospect of Miss B keeping to the terms of any repayment plan. I say this because despite its efforts, Miss B had refused to engage with any attempt to set up a repayment plan. Banks and building societies should treat customers in financial difficulties positively and sympathetically and I'm satisfied Lloyds acted in such a way here by trying to agree a repayment plan, allowing Miss B breathing space and by placing a hold on the account.

I appreciate that Miss B says that Lloyds should not have registered a default on her credit file. But I think Lloyds is under a duty to accurately report the position of its customer's accounts to the CRA's. I think that the relationship between Lloyds and Miss B had broken down and that Miss B had a reasonable period of time to either bring the balance of the overdraft down or agree to a repayment plan. As neither of those happened I don't think Lloyds made a mistake by defaulting the account and reporting that to the CRA's.

I appreciate that Miss B's main complaint is her treatment by Lloyds whilst in financial difficulties but she also mentions the number of charges and interest she paid. I make clear that I have not seen any evidence that Lloyds made a mistake or acted unfairly by making those charges or that they were made outside the account terms and conditions.

Overall, I'm satisfied that Lloyds tried on a number of occasions to help and support Miss B and so, I can't fairly ask it to do anything further in the circumstances of this complaint. I do note that Miss B has said she would like Lloyds to reconsider and suggest another repayment plan which is more sympathetic to her situation. So, Miss B may wish to give them a call to see if they can come to an agreement on a new arrangement based on her current situation. She may also want to contact the Free Independent Money Advice Services companies that they referred her to in their final response letter. But it follows I don't require Lloyds to do anything further.

My final decision

For the reasons I've explained, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 25 June 2025.

Sharon Kerrison
Ombudsman