

The complaint

Mr K complains that Lloyds Bank PLC closed his account without good reason and without giving him notice that it was doing so.

What happened

In March 2024 Mr K found that he was unable to make a card payment. When he tried to check his account, he was unable to access it. He contacted Lloyds, which told him his account had been closed. The bank would not tell him why it had decided to close the account.

Lloyds sent Mr K a cheque representing the balance on the account, and Mr K was able to open an account with a different provider. But he remained unhappy that Lloyds had closed the account. He said too that, because he did not know his account was being closed, one payment which was made to it had not been credited.

Lloyds said that it had written to Mr K on or about 4 January 2024 telling him that his account would be closed after 65 days. It offered him £50 but would not reopen the account.

Mr K referred the matter to this service, where one of our investigators considered what had happened. He did not recommend that the account be upheld. Mr K did not accept the investigator's assessment and asked that an ombudsman review the case.

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.

It is generally for banks to decide whether to provide, or to continue to provide, account services to any particular customer. They can exercise their commercial discretion in such matters and, as long as that discretion is exercised legitimately, this service won't usually intervene. I have considered that issue here, and am satisfied that Lloyds' decision to close Mr K's account was a legitimate one. Lloyds did not have to tell Mr K exactly why it had decided to close the account.

Banks should however give reasonable notice before closing an account. What is reasonable depends on the circumstances, but we generally take the view that two months' notice is reasonable for a personal account. The account terms here said that Lloyds would give 65 days' notice, save in exceptional circumstances.

Mr K says that he was not given any notice before his account was closed. The bank's records indicate however that it wrote to Mr K on 4 January 2024, giving him 65 days' notice of closure. Lloyds has not been able to provide a copy of that letter, although it has produced a template. On balance, I think it more likely than not that it did give notice.

Mr K says he did not receive any such letter. However, the bank only had one address for Mr K, and that was the address it used. I think it more likely than not that the letter was delivered to Mr K's address, even if he may have overlooked it. And the account terms said

that Lloyds could contact Mr K by various means (including by post) and that it would assume Mr K had received any message sent.

There was no reason for the bank to think that the letter of 4 January 2024 had not been received; it was not, for example, returned undelivered. There was, therefore, no reason to send a reminder, and no obligation on the bank to do so.

I note that Mr K was sent a payment after the account had been closed. However, I agree with the investigator that it is more appropriate for him to follow up with the payer and its bank, if he has not already done so.

My final decision

For these reasons, my final decision is that I do not uphold Mr K's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 2 January 2025.

Mike Ingram
Ombudsman