

The complaint

Ms R complains Lloyds Bank PLC (“Lloyds”) removed her from a savings account held jointly at the time with her ex-husband. And by doing so, didn’t follow a court order by splitting the funds equally between both parties. Ms R is also unhappy that Lloyds didn’t send her any statements, so she didn’t know what the balance on the account was.

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.

Ms R went through separation and/or divorce proceedings with her now ex-husband – who I will now refer to as ‘H’. And in October 2021 a family court issued an order. Amongst other things, it provided:

“The parties agree that neither of them has any legal or equitable interest in the property or assets currently in the sole name or possession of the other/owned by the other, and neither of them has any liability for the debts of the other, except as provided for in this order”

And “Upon it being recorded that the parties will close the jointly held Lloyds account ending [XXXX] within 30 days of the date of this order, and any credit or debit shared equally between them”

Following Ms R’s visit to a Lloyds branch, she was taken off the account in June 2024. At the time there was a balance on the account of around £2,540, which mostly came from a deposit made in December 2023 of about £2,537.

Ms R says Lloyds misadvised her about closing the account by removing just her from it. And she was unaware of the funds in the account as Lloyds had failed to send her any account correspondence. Ms R says H opted out of paper statements, and Lloyds were only corresponding with him – when it should’ve been doing so with both account holders.

Ms R adds that Lloyds knew about their divorce proceedings due to her branch visit in 2018, when she’d asked for statements. Ms R says that the branch member of staff told her the only option she had was to transfer the account to H and remove her name. Ms R says she questioned this and was told that as she didn’t deposit the funds in the account, they belonged to H.

Ms R says the account was put in dispute and blocked until a resolution was reached. Ms R says she spoke to Lloyds’ complaint manager who said she no longer had anything to do with the account, and the court order had nothing to do with Lloyds. Ms R explains she spent many hours on the phone speaking to Lloyds about this and made it aware of her sensitive circumstances.

Unhappy with Lloyds’ actions, Ms R complained. In June 2024, Lloyds upheld the customer service element of Ms R’s complaint and made a payment of £100 compensation for the

distress and inconvenience she was caused. Lloyds then sent another complaint response in August 2024. Lloyds upheld Ms R's complaint in part. In summary, it made the following key points:

- The level of service Ms R received was below the standards Lloyds would expect. Feedback has been provided for the lack of updates Ms R received
- After Ms R's visit to a branch, a request was completed to confirm her removal from the account as it was unable to close the account for her. Lloyds understands Ms R later asked for this to be cancelled, and this wasn't completed. The branch notes show Lloyds did everything it could to stop this, but it was too late at that point
- As Lloyds were unaware of a court order being in place at the time of the joint account holder's separation, it didn't know the account needed to be closed, and the funds split
- The account has run normally with minimal activity. Lloyds has sent Ms R the last statement when she was named on the account so she can see the transactions that took place
- Ms R should contact Lloyds if she can evidence the funds credited into the account were from her
- Lloyds hasn't made any errors in relation to removing Ms R from the savings account. But for the impact its customer service issues had, it sent Ms R a cheque of £250

Ms R referred her complaint to this service. One of our Investigator's looked into it and recommended it wasn't upheld. In short, they made the following key findings:

- The court order instructed the joint account holders to close their account in 30 days and split the funds equally between them. So Ms R and H didn't act in line with what the court order instructed them to do as the account remained in joint names until June 2024
- Ms R says she is entitled to the funds in the account which originated from a payment from H in December 2023. It's clear this payment was made by H a significant amount of time after the court order - and more than 30 days after it. So they cannot agree Ms R is entitled to the funds
- Lloyds acted fairly and reasonably by saying that if Ms R can provide evidence she is entitled to some of the funds, it will review its position

Ms R didn't agree with what our Investigator said. For simplicity and pragmatism, I will set out some of the key points Ms R has made through several responses:

- Her complaint isn't about Lloyds removing her name from the joint account and not splitting the funds evenly. But that Lloyds' employee gave Ms R wrong advice to sign a document to remove her name from the account. And whilst the account was in dispute and a block added, Lloyds continued to remove her from it. No resolution correspondence was sent to her by Lloyds
- Ms R wants to know why Lloyds still removed her from the account when it knew the funds were in dispute

- All account holders to a joint account have equal ownership and access rights to funds
- A financial remedy court order should be sufficient evidence to show Ms R's entitlement to half of the funds
- At the time the order was issued, Ms R was too concerned given the circumstances of her relationship to close the account. The court order is a legal document, and regardless of its date, it should be adhered to. The order doesn't say as to when it will cease to be effective
- Provide evidence that the funds deposited in the account came from H. Taking legal action and/or obtaining another court order would be too costly for Ms R
- Ms R's solicitor says that the court order should still stand regardless of the timeframe. And so Lloyds should give her half the funds

Our Investigator explained that after considering what Ms R says about feeling uncomfortable to go into branch in 2021, it wasn't enough to ask Lloyds to split the funds between her and H. More up-to-date evidence needs to be provided of entitlement, given the funds were deposited by H in December 2023.

Our Investigator then said that they would be looking into the complaint again and asked Lloyds to provide more information including copies of the account statements. Lloyds added that statements would've been sent to Ms R's registered address or through her online banking if she had registered for this service and opted out of paper statements. And, as a joint account holder, Ms R would have been able to access the account at any time up until June 2024.

Our Investigator then sent a further recommendation to resolve the complaint to both parties. In the main, and without repeating previously made points, they found:

- Lloyds didn't act unreasonably when removing Ms R from the account considering the court had previously ordered it to be closed. Ms R no longer used the account and therefore, other than the issue of the remaining funds, the removal of her from the account will not impact her further
- It's not for this service or Lloyds to determine the ownership of such funds. That is for the court to decide. And although Lloyds removed Ms R from the account, it's holding the remaining funds and not releasing them until either Ms R or H provide proof of entitlement evidence
- It's understandable Lloyds require more up-to-date evidence than the court order given the funds were paid into the account after this order. So Lloyds is acting fairly by asking for more recent evidence
- Lloyds has paid Ms R a total of £350 compensation and offered to review her entitlement of the funds if further evidence is provided. This is a fair outcome

Ms R didn't agree with what our Investigator said. She asked for an ombudsman to review and decide her complaint. Some of the additional points she wants considered are:

- The court order and her solicitor's letter are sufficient evidence of entitlement
- Ms R agrees that her removal from the account will not impact her further. But the

stress and inconvenience of trying to get her share of the funds hasn't been considered

- It was unreasonable of Lloyds to remove Ms R from the account whilst it was in dispute
- The court has already determined entitlement of the funds in its order. And Lloyds' terms say: "individuals are jointly liable for the amounts owed to us on the accounts". This should apply to the funds in the account as well
- £250 was paid for Lloyds' poor complaint handling, and a £100 for the behaviour of the branch staff for giving her wrong advice to sign the transfer form
- It has taken Ms R a lot of courage to share information with this service about what she has been through and the impact on her. The following points also need to be considered by an ombudsman:

- (1) Her complaint hasn't been properly understood
- (2) Lack of communication, including no account statements being sent, by Lloyds from 2018 onwards when she made it aware of her separation
- (3) Lack of communication during the complaints process
- (4) Not adhering to a legal document as directed by her solicitor that Lloyds should do so

As there is no agreement, this complaint has been passed to me to decide.

What I've decided – and why

I'm very aware that I've summarised the events in this complaint in far less detail than the parties and I've done so using my own words. No discourtesy is intended by me in taking this approach. Instead, I've focussed on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

If there's something I've not mentioned, it isn't because I've ignored it. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome. I do stress however that I've considered everything Ms R and Lloyds have said before reaching my decision.

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 not to uphold this complaint. I know this will disappoint Ms R, and I note how strongly she feels about it particularly considering what she's told this service. I'm aware how Ms R feels about this being discussed as part of her complaint, so I won't say too much more about it and now focus on the merits of her complaint against Lloyds.

Firstly, I note Ms R feels her complaint hasn't been properly understood. And one of the key points she makes in relation to this is that it was unreasonable of Lloyds to remove her from the account whilst it was in dispute.

When Ms R first referred her complaint to this service, she explained that:

"I visited my local branch to close a joint account held by my ex husband and myself per a Financial Remedy Order. I was unaware that there was funds in the account as the bank had failed to send me any correspondence to do with the account. My ex husband had turned off paper statements and they were only corresponding with him even though it is a joint account and they have my contact details. They were also aware of the divorce due to a visit I made to the branch in 2018 to ask for statements to do with the account.

A member of staff told me that the only option I had was to transfer the account to my ex husband and remove my name. I questioned this and she responded that as I didn't deposit the funds they were my ex husbands. As I felt this was my only option I signed but on reflection I felt that I had been given wrong advice and I raised a complaint"

Having given this matter considerable thought, I think the key issue is effectively moot here. What I mean by that is even if I was to find Lloyds shouldn't have removed Ms R off the joint account in June 2024 when she had gone there to close it, then the current position would still be the same. That is, the funds would still be in dispute. The other thing to note here is that the court order Ms R says should be relied upon, says the account should be closed within 30 days of the order.

By holding the funds in dispute, Lloyds say they won't be released to Ms R or H until it receives appropriate proof of entitlement. Ms R says she's already provided this in the form of the court order and her solicitor's letter/email. I note the solicitor says Ms R should escalate the matter further with Lloyds and request the court order is accepted as it still stands even if the action wasn't taken in the timeframe on there.

I've looked at the court order carefully and note it was issued in October 2021 and clearly says Ms R and H should close the account in 30 days from the date of the order and share any credit or debit equally between them. I can appreciate the reasons Ms R has provided for not acting in line with what the order said.

However, given the order is prescriptive about the time it should be acted on, I'm satisfied Lloyds isn't acting unfairly nor unreasonably in not splitting the funds three years later in 2024.

Lloyds has provided me with copies of the account statements from June 2021 to June 2024. Having closely reviewed these I can see that the amount of £2,537.50 was deposited by H, in the actual name Ms R says related to him, in January 2024. And the balance was 60pence before that point. I also note that at the time the court order was issued in October 2021 the balance was 45 pence, until several large transactions on the account in January 2022 which appear to be property and mortgage redemption related.

I'm satisfied that had the order been presented - and I understand the reasons why it wasn't - than Lloyds should have given Ms R half of 45 pence. I'm also satisfied the funds of around £2,537 that mainly make up the account balance when Ms R was removed from it in June 2024, most likely came from H. Because of this, I think Lloyds are acting reasonably in holding the funds, placing them in dispute, and asking for more current evidence of who's entitled to them.

Given the nature of divorce proceedings, settlement, and ensuing civil disputes, I'm persuaded it's more appropriate for a court to determine whether Ms R has any entitlement to the funds that were deposited nearly three years after the family court order.

Lloyds say it sent Ms R statements in line with what her communication preferences would

have been. Ms R says Lloyds didn't, and had it done so, she would've known the account balance and not requested it was closed. But that still doesn't mean she was entitled to the funds H seems to have deposited several years after the court order was issued. So given the ambiguity around entitlement, Lloyds holding them in dispute would likely have still been the same position taken - even if Ms R was an account holder.

So given I think its fair the funds are withheld in dispute pending further and more current proof of entitlement evidence being provided, I'm persuaded the £100 compensation Lloyds has paid Ms R is fair. Lloyds also paid Ms R £250 for its poor complaint handling and lack of updates. Given the circumstances Ms R was in, and the impact this had on her, I'm persuaded Lloyds acted fairly.

So after weighing everything up, I'm persuaded Lloyds doesn't need to do anything more.

My final decision

For the reasons above, I have decided not to uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms R to accept or reject my decision before 2 January 2024.

Ketan Nagla
Ombudsman