

The complaint

Ms F complains that Lloyds Bank PLC didn't treat her fairly when it closed her credit card account.

What happened

The details of this complaint are well known to both parties, so I won't repeat them all again here but will briefly summarise what happened.

In October 2024 Ms F contacted Lloyds to say that she tried to pay for a holiday using her credit card but the transaction didn't go through. She found out then that her account had been closed a few months earlier in August. Lloyds said it sent Ms F a letter in May informing her that the account would be closed within months unless she made a transaction or got in touch to say she wished to retain it.

Ms F was unhappy with this and complained to Lloyds. She said her credit card wasn't due to expire until 2027 and she wished to have her account reinstated without having to reapply. Ms F also said that she had to find alternative means to fund her trip, and by the time she'd done so the price had gone up by over £400. Ms F said that this situation was not of her doing and she found it very stressful.

Lloyds didn't uphold Ms F's complaint and said it hadn't made any errors in closing the account. Lloyds said it regularly reviewed credit card accounts and might amend or review them at any time, as per the accounts' terms and conditions. It paid Ms F £50 as a goodwill gesture for the inconvenience the matter caused.

Ms F referred her complaint to us. In order to resolve it, she would like to have her credit facility reinstated and be refunded the increased cost of her trip which amounted to £410.11. Our investigator looked into Ms F's complaint but didn't recommend that Lloyds take any further action because they didn't find the bank had made any error in this matter.

Ms F disagreed with this recommendation and asked for her complaint to come to an ombudsman 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.

I want to reassure both parties that I have reviewed all the available evidence, and if I don't mention anything specifically it is not that I haven't considered it but rather that I've focussed on setting out my reasons for my decision. I appreciate that this will be very disappointing for Ms F but I am not upholding her complaint.

I agree with the conclusions reached by the investigator for the following reasons:

I can't say Lloyds acted outside of the terms and conditions of the account. These state (in Section A9) that "This agreement has no fixed or minimum duration and can be ended by you or us...If we close your account, we normally give you at least two months' notice.. If your account is closed, the agreement will end once you have repaid your balance in full."

Lloyds carried out the action set out in the terms and conditions. It wrote to Ms F explaining that her account would close unless she made a transaction or got in touch to say she'd like to retain it. I've seen a template of the letter which begins " We've noticed that you haven't used your credit card for a while, and you don't have anything to pay on it. Cards that aren't used regularly are more likely to be at risk of fraud, so we wanted to let you know we're going to close your account unless you let us know you'd like to keep it." The letter goes on to explain that the recipient would need to make a transaction or get in touch in order to keep the account. Lloyds' customer records state that the above letter was sent to Ms F on 16 May 2024 with a deadline for action of the 22 August. The account was closed on 28 August because Ms F had taken no action. I am satisfied that the letter was sent to Ms F.

Ms F says she didn't receive the letter. She has confirmed that she was living at her current address throughout 2024 and I haven't seen anything to suggest why the letter might not have reached her there. I am satisfied that it wasn't bank error that resulted in the letter's non-receipt.

Ms F is unhappy that Lloyds didn't use alternative or additional means of communicating the imminent closure of her account to her. Lloyds needed to ensure its communications were clear and not misleading, and I'm satisfied that the letter fulfilled both of these obligations. I haven't seen anything which suggests that Ms F required a different communication method or suggests that Lloyds treated her unfairly by communicating the closure to her solely by letter.

Ms F says her credit card rating has been adversely impacted by the closure. The closure letter said that Lloyds would report the account as closed to the credit reference agencies. Banks have a responsibility to accurately report the activity on their customer's accounts. While I can sympathise with Ms F, I can't find that Lloyds got something wrong in reporting the account as closed, and it is for other financial institutions to interpret this marker along with other lending criteria when coming to their credit decisions.

Ms F mentioned in her referral that the account was still showing on her online banking application with the available credit limit. Lloyds told us that the account might still appear on Ms F's online banking app for up to six months due to its internal processes and would enable Ms F to view any statements or information about the account, which seems a reasonable explanation. Even if the online app had been updated immediately on closure, it wouldn't have alerted Ms F until after the fact.

In summary, I haven't found that Lloyds got something wrong or treated Ms F unfairly when it closed her credit card account in 2024 and so I am not upholding her complaint.

My final decision

For the reasons I've explained above, I am not upholding Ms F's complaint against Lloyds Bank PLC and don't require it to take any further action in this matter.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms F to accept or reject my decision before 25 February 2025.

Michelle Boundy

Ombudsman