

## **The complaint**

Mr S complains Lloyds Bank PLC (“Lloyds”) closed his account without explanation and has discriminated against him.

Mr S says Lloyds’ actions have caused him 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.

In June 2024, following an internal review, Lloyds notified Mr S that it had decided to close his accounts and would do so in 65 days’ time. Mr S was only able to access his funds by withdrawing them in branch. Unhappy, Mr S complained.

Lloyds didn’t uphold Mr S’ complaint. In short, Lloyds said it had made this decision in line with the terms and conditions of the account and it didn’t need to provide an explanation. Mr S referred his complaint to this service. One of our Investigator’s looked into Mr S’ complaint, and they recommended it should be upheld in part. In summary, their key findings were:

- Lloyds was entitled to close Mr S’ accounts and did so in line with the terms and conditions. Lloyds gave the correct amount of notice, but the accounts had restrictions on them. This means they were effectively closed immediately
- Having considered Lloyds’ reasons, it shouldn’t have placed restrictions on Mr S’ accounts during the notice period
- Had Lloyds not restricted Mr S’ accounts, he wouldn’t have had to rearrange all his payments and visit a branch to access his funds. Given the impact, Lloyds should pay Mr S £150 compensation

Mr S didn’t agree with what our Investigator said. He feels £150 compensation doesn’t satisfactorily address what he went through, nor does he understand what terms and conditions he breached. Mr S also questions why his accounts haven’t been reinstated, and he doesn’t think it’s fair he lost the account benefits whilst the accounts were blocked.

Lloyds also didn’t agree with what our Investigator said. Lloyds say that Mr S had access to essential funds, and it was justified to close the accounts in the way it did because of its concerns. Lloyds confirmed that Mr S had access to his account benefits during the notice period.

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 in part. I'll explain why.

Banks in the UK, like Lloyds, are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. They are also required to carry out ongoing monitoring of an existing business relationship. That sometimes Lloyds needs to restrict, or in some cases go as far as closing, customers' accounts.

Lloyds has provided me with its explanation and supporting evidence for why it undertook a review. Having carefully considered this, I'm satisfied it did so in line with its obligations.

Lloyds is entitled to close an account just as a customer may close an account with it. But before Lloyds closes an account, it must do so in a way, which complies with the terms and conditions of the account. The terms and conditions of the account, which Lloyds and Mr S had to comply with, say that it could close the account by giving him at least 60 days' notice. And in certain circumstances it can close an account immediately or with less notice.

Lloyds gave Mr S 65 days' notice of its intention to close his accounts. Lloyds has also explained and provided me with supporting evidence as to why it decided to do this. Having carefully reviewed this, I'm satisfied Lloyds acted in line with its terms and conditions when doing so.

However, given its reasons I would expect Lloyds to have given Mr S unrestricted access to his accounts before closure. But Lloyds only allowed Mr S access to his funds via its branch network. That meant he couldn't use his debit card and other services he may have relied on. So Mr S was caused some avoidable distress and inconvenience by having to go into a branch to withdraw funds.

I appreciate that Lloyds is entitled to set its own policies and part of that will form its risk criteria. It's not in my remit to say what policies or risk appetite Lloyds should have in place. I can however, while considering the circumstances of individual complaints, decide whether I think customers have been treated fairly. Having looked at all the available evidence, I'm satisfied by restricting access to the accounts in the way it did up until closure, Lloyds hasn't acted reasonably nor proportionately in the circumstances.

I know Mr S would like a detailed explanation for Lloyds' actions. But Lloyds is under no obligation to do so. I would add too that our rules allow us to receive evidence in confidence. We may treat evidence from banks as confidential for a number of reasons – for example, if it contains security information, or commercially sensitive information. Some of the information Lloyds has provided is information that we considered should be kept confidential.

Mr S has explained that he is disabled. Lloyds has provided me with a call recording when Mr S first questioned Lloyds' decision. Having carefully listened to this, I don't think his conditions and what he told Lloyds about this impacted him significantly – but it is something I need to consider when making an award of compensation.

Mr S says he's been discriminated against. I'd like to assure Mr S that I've very carefully considered everything he's said about this. And I want to make clear I do not doubt how genuinely he feels about this matter and the upset Lloyds' actions have caused him.

While I appreciate this is Mr S' perspective, it is not my role to decide whether discrimination has taken place as a matter of law – only the courts have the power to decide this. I have, however, considered the relevant law in relation to what Mr S has said when deciding what I think is the fair and reasonable outcome. But after doing so, I've not seen evidence to indicate Mr S was treated unfairly.

In weighing up what I think is fair compensation for the distress and inconvenience Mr S suffered, I need to be mindful that any award stems only from Lloyds' failure to allow him unrestricted access for the notice period. That means any award will be mitigated in line with this.

Mr S would've had to go into branch to withdraw his funds to make any payments he needed for essential everyday costs before he was able to get another account. This placed a burden on him and would've caused inconvenience and some distress. After careful consideration, I'm satisfied £150 is fair compensation.

### **My final decision**

For the reason above, I have decided to uphold this complaint in part. Lloyds Bank PLC must now pay Mr S £150 compensation.

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

Ketan Nagla  
**Ombudsman**