

The complaint

Mrs C complains that Lloyds Bank Plc (Lloyds) told her it was going to close a bank account she jointly held for a partnership business and pay £9481.51 of the remaining balance to the joint account holder. Mrs C also complains about the service she received when trying to resolve this.

The details of this complaint are well known to both parties, so I won't repeat everything again here. Instead, I'll focus on giving the reasons for my decision.

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.

Firstly, I wanted to say that I was sorry to read about the difficulties Mrs C has experienced in connection with this partnership business. It's clear that there is an existing dispute between the account holders and that this has been stressful and upsetting for Mrs C.

In this decision, I am focusing on Mrs C's complaint about the way she has been treated by Lloyds in relation to the letter it sent about the account closure. I'm aware Mrs C is also unhappy with the way that Lloyds handled an earlier issuance of a debit card and an account withdrawal, but this is outside the scope of this decision.

Lloyds is clearly receiving conflicting information from the joint account holders but given none of the documentation it received had Mrs C's signature on it and keeping in mind that the account was already blocked due to the dispute, I do think that it ought to have confirmed with Mrs C that the actions it planned on taking were agreed before sending her the account closure letter.

After liaising with Mrs C, Lloyds decided not to take any action. So, no payments were made, and the account wasn't closed. Which means what I need to consider is the distress and inconvenience Lloyds caused. So, the question here is whether the £150 already offered is fair compensation for the impact of its error. I note that our Investigator felt it was, but Mrs C did not.

Mrs C said she received the letter threatening closure on 5 February 2024 and on 3 May 2024 she received the written confirmation this wouldn't happen. So, she had around three months of uncertainty about the account and the funds. And during this time, she had to spend time liaising with Lloyds about this which would have been inconvenient.

I believe some of this was an unavoidable consequence of the account dispute. Even if Lloyds hadn't of said it would close the account, it would still have needed to approach Mrs C for her version of events and consider whether the request to close the account was reasonable. So, I do think there would have been some worry caused to Mrs C regardless and it would always have taken Lloyds time to weigh up the evidence and reach its decision. But I have no doubt that being told the account was closing was more worrying for her. There is also evidence of missed call backs and communications during this time which

clearly added to the stress. And Mrs C spent a lot of time contacting Lloyds to try to find out what was happening - and I'm not persuaded she would have chased as often if she didn't think Lloyds had already decided to close the account.

I note Mrs C highlighted the stress and legal fee she's incurred over the past four years. She's talked about this significantly impacting her physical and mental health and she feels Lloyds is ultimately responsible for this. Whilst I don't doubt her testimony as to how the dispute has impacted her, I am not persuaded that this is a consequence of the letter Lloyds sent about the account closure (which is all I am considering within this decision) – Mrs C's own testimony is that the impact follows four years of the ongoing dispute with her ex-business partner. That being said, I do recognise this context meant this particular error by Lloyds was more impactful.

Whilst I appreciate this will come as a disappointment to Mrs C, overall, I do feel £150 is reasonable compensation for the distress and inconvenience Lloyds has caused. I recognise that the impact of the entire situation on Mrs C is much greater, but I can only fairly award for the impact of Lloyds' actions.

My final decision

Lloyds Bank Plc has already made an offer to pay £150 to settle the complaint and I think this offer is fair in all the circumstances.

So, my final decision is that Lloyds Bank Plc should pay Mrs C £150, if it hasn't done so already, for the distress and inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 29 January 2025.

Jade Cunningham
Ombudsman