

The complaint

Miss K complains Lloyds Bank PLC unfairly closed her accounts and provided poor service.

What happened

The facts of the complaint are well known to both parties, so I will only provide a summary of the key points.

Miss K contacted Lloyds on 27 July 2024 as she wished to add funds to a bond and open a new account. Miss K spoke to a member of staff in the savings team who advised she was unable to make the deposit she wished to, but Miss K still wanted to open a new account. Miss K's calls are cut off at this point and she raised a formal complaint about the service she received during the calls. Miss K was transferred to the correct department and was able to open a new account.

Although Miss K was able to open an account, Lloyds completed its checks and on 29 July 2024 it made the decision to close Miss K's account. Miss K was informed of this in a letter, and Lloyds explained the account had been closed in line with the account terms and conditions.

Miss K raised a formal complaint about the service she received. In its final response letter dated 28 August 2024 Lloyds apologised for the service issues Miss K experienced and offered to cover the costs of her phone calls.

Miss K remained unhappy and referred her complaint to this service. In her referral Miss K's main concern was Lloyds' decision to close her account. An Investigator reviewed the evidence from Miss K and Lloyds and made the following recommendations:

- Lloyds is entitled to close an account, but it must do so in line with the account terms.
- The reasons Lloyds has provided to this service in confidence for closing the account are fair.
- Lloyds is under no obligation to provide Miss K with full reasons for its decision.

Dissatisfied with this review, Miss K asked for her complaint to be reviewed by an Ombudsman.

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 appreciate Miss K was disappointed by the investigator's opinion. I'd like to reassure Miss K that I've considered the whole file and what's she's said. But I'll concentrate my comments on what I think is relevant. If I don't mention any specific point, it's not because I failed to take it on board and think about it, but because I don't think I need to comment on it to reach what I think is a fair and reasonable outcome. No discourtesy is intended by me in taking this approach.

As a UK financial business, Lloyds is strictly regulated and must take certain actions in order to meet its legal and regulatory obligations. It's also required to carry out ongoing monitoring of an existing business relationship. This includes establishing the purpose and intended nature of transactions as well as continuing to carry out due diligence checks on account holders, and there may be penalties if they don't. That sometimes means Lloyds needs to restrict, or in some cases go as far as closing, customers' accounts. In Miss K's case the due diligence checks Lloyds carried out at the opening of the account resulted in its decision to close the account with immediate effect.

Lloyds has explained and given me information to show why it reviewed and closed Miss K's account. Having carefully considered this, I'm satisfied Lloyds took these actions in line with the obligations it must adhere to. In addition, 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.

I know Miss K feels Lloyds has acted unfairly given the lack of information provided to her about the closure. I can see during calls with Lloyds, staff have tried to explain the closure was due to information recorded against her name with CIFAS. Ultimately Miss K would like a detailed explanation as to why Lloyds made the decision to end its banking relationship with her. But Lloyds isn't under any obligation to provide more detail than it already has. I would add too that our rules allow us to receive evidence in confidence. We may treat evidence from regulated businesses 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 we consider should be kept confidential. Having carefully considered this information, I'm satisfied Lloyds acted appropriately and in keeping with its regulatory duties.

The decision to close a bank account immediately can't be taken lightly given the impact it can have on a customer. Miss K says Lloyds' decision to close his accounts caused her significant distress and inconvenience. I do appreciate this matter would've caused Miss K difficulty, but Miss K had only just applied for the account with Lloyds, and she wasn't an existing customer with a reliance on the account.

As part of her complaint Miss K has raised concerns about an attempt to withdraw funds from an ATM and attended branch. As the Investigator has highlighted Miss K will need to raise this as a separate complaint as this isn't an issue Lloyds has considered.

I was sorry to learn about the challenges Miss K has experienced with her finances and her health. Miss K has also been signposted to CIFAS given the issues she's experienced in trying to open a new account. I would encourage Miss K to use this resource and the other agencies the Investigator signposted her in light of the comments she has made about her health.

I know this will not be the outcome Miss K was hoping for and she will be disappointed with the decision I've reached. But I hope my decision provides some clarity around why I won't be asking Lloyds to take any further action.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss K to accept or reject my decision before 30 May 2025.

Chandni Green
Ombudsman