

## **The complaint**

Mr P complains that Lloyds Bank PLC closed his accounts without providing a proper explanation. Mr P says he didn't receive a letter about his account being closed and Lloyds took too long to release his account balance.

To put things right Mr P wants compensation, an apology and his accounts reopened.

## **What happened**

The detailed background of this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

Mr P had a current account and savings account with Lloyds.

In March 2024 Lloyds decided to review Mr P's accounts in order to comply with its legal and regulatory obligations. Following this review, on 13 March 2024, Lloyds sent Mr P a closure letter that the accounts would close in May 2024. Lloyds also sent Mr P a letter enclosing a cheque for his closing balances on 21 May 2024.

Mr P complained to Lloyds. In response Lloyds said it hadn't done anything wrong when it had closed Mr P's accounts. And had sent him letters about its decision. Mr P said he never received the letters Lloyds sent which included responses to his complaint and the cheque for his closing balance.

Mr P said the closure of his accounts had caused him a huge amount of trouble and upset. He explained that he couldn't have his salary paid into his account and had to rearrange his direct debits because he was unaware his accounts had been closed. He said he can't think of any legitimate reason why Lloyds wouldn't want him as a customer, so he believes Lloyds have discriminated against him based on his ethnicity and surname. Mr P also said that Lloyds should have communicated with him via its in app or phone, rather than by post. And that Lloyds have no proof that the letters were delivered to him.

Mr P contacted Lloyds again in August 2024, to try and find out why he hadn't received his closing balance. Lloyds told Mr P that he'd need to attend a branch with ID to collect his balance and couldn't transfer the funds to another account Mr P held due to the account already being closed. Mr P wasn't happy and said that due to the nature of his job, visiting a branch would be difficult for him.

Mr P remained unhappy and brought his complaint to our service. In summary he said:

- He wants £10,000 compensation for his trouble and upset. He also wants interest for loss of use of his account balance.
- Implementation of measures to prevent similar occurrences for other customers.
- Establishment of procedures to ensure timely communication through multiple channels, thereby facilitating customer awareness and action prior to account closure.

- It's not fair that Mr P can't apply for accounts within the Lloyds group, which will seriously impact his ability to obtain financial products due to the number available across the group.

An Investigator reviewed the complaint and in summary, they said:

- Lloyds hadn't done anything wrong when it had closed Mr P's accounts, and it wasn't obliged to provide an explanation.
- It's not the role of our service to require Lloyds to change its processes – that's the role of the regulator, The Financial Conduct Authority (FCA)
- Lloyds sent Mr P a cheque for his closing balance.
- Lloyds could have offered to send Mr P another cheque when he spoke to them in August 2024. But have now offered to send Mr P another cheque, which is fair.

Lloyds accepted the Investigator's view and recommendations.

Mr P disagreed. He said he hasn't breached the terms and conditions of the accounts, so Lloyds had no reason to close them. Mr P also said that Lloyds didn't take adequate steps to communicate with him and establish if he'd received his closing balance cheque or knew his accounts had been closed. Mr P said it's not fair that he can't bank with any bank within the Lloyds group.

As no agreement could be reached the complaint was referred to me – an ombudsman – for a final 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 should say that I'm aware I've summarised the events of this complaint in less detail than the parties, and that I've done so using my own words. The reason for this is that I've focussed on what I think are the key issues here, which our rules allow me to do. This approach simply reflects the informal nature of our service as a free alternative to the courts. And 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 in this case. So, if there's something I've not mentioned, it isn't because I've ignored it, and I must stress that I've considered everything both Mr P and Lloyds have said, before reaching my decision.

I would add too that our rules allow us to receive evidence in confidence. We may treat evidence from financial businesses as confidential for a number of reasons – for example, if it contains information about other customers, security information or commercially sensitive information. It's then for me to decide whether it's fair to rely on evidence that only one party has seen. It's not a one-sided rule; either party to a complaint can submit evidence in confidence if they wish to, and we'll then decide if it's fair to rely on it. Here, the information is sensitive and on balance I don't believe it should be disclosed. But it's also clearly material to the issue of whether Lloyds has treated Mr P fairly. So, I'm persuaded I should take it into account when deciding the outcome of the complaint.

I want to make it clear that I understand why what happened concerned Mr P. I've no doubt it would've come as quite a shock to him, and he would've been very worried to find out that his accounts had been closed. But as the investigator has already explained, Lloyds has extensive legal and regulatory responsibilities they must meet when providing account

services to customers. They can broadly be summarised as a responsibility to protect persons from financial harm, and to prevent and detect financial crime.

I've considered the basis for Lloyds's review and having done so I find this was legitimate and in line with its legal and regulatory obligations. So, I'm satisfied Lloyds acted fairly by reviewing Mr P's accounts. I appreciate that Mr P wants to know more about why Lloyds did what it did. But Lloyds isn't obliged to tell Mr P why it reviewed his accounts, and I don't believe it would be appropriate for me to require it to do so as much as he'd like to know.

The terms and conditions of Mr P's accounts also make provision for Lloyds to review and an account and ask a customer to provide information about how they use their accounts. And having looked at all the evidence, I'm satisfied that Lloyds have acted in line with these when it reviewed Mr P's accounts.

The result of the review was that Lloyds decided they didn't want to provide financial facilities to Mr P anymore. Lloyds wrote to Mr P in March 2024 to let him know that it had decided to close his accounts in 65 days. Lloyds then sent Mr P a letter enclosing a cheque for his final balance of just over £2,000. Mr P says he never received any letters from Lloyds and Lloyds took too long to return his closing balance to him.

It's generally for banks and financial businesses to decide whether or not they want to provide, or to continue to provide, account facilities to any particular customer. Unless there's a very good reason to do so, this service won't usually say that a bank or financial business must keep customer or require it to compensate a customer who has had their account closed.

As long as banks and financial businesses reach their decisions fairly, it doesn't breach law or regulations and is in keeping with the terms and conditions of the account, then this service won't usually intervene. They shouldn't decline to continue to provide account services without proper reason, for instance of unfair bias or unlawful discrimination. And they must treat new and existing customers fairly.

Lloyds have relied on the terms and conditions to close Mr P's accounts. These state that Lloyds can close an account by providing two months' notice. In certain circumstances it can also close an account immediately. Here, Lloyds wrote to Mr P giving him the full notice period that it was closing his account and that he'd need to make alternative banking arrangements. So, I'm satisfied that it's complied with this part.

Mr P has said that he never received the letters Lloyds sent to him about its decision to close his accounts. He's also said he never received the letter Lloyds sent enclosing his closing balance cheque, or any letters regarding the outcome of his complaint. But I've seen a copy of the letter that Lloyds sent to Mr P dated 21 May 2024, enclosing his closing balance cheque. I've also seen a copy of the final response letter Lloyds sent to Mr P dated 23 May 2024.

I can see that both letters are correctly addressed. I've also seen Lloyds contact notes which shows the notice to close letter was dispatched – again to Mr P's home address. Mr P hasn't made us aware of any postal issues he was experiencing at the time. So, I'm satisfied that Lloyds sent the letter to Mr P at the address the bank had for him. I can't say Lloyds are to blame if Mr P didn't receive the letters once it was dispatched through the postal system.

I acknowledge Mr P's comments around how he believes Lloyds should communicate with its customers – particularly in the use of digital communications and phone. Mr P says Lloyds shouldn't rely on the postal service to communicate something as important as account closures. He's pointed out that the letter wasn't sent as a recorded delivery so

Lloyds cannot prove the letter was received. But it's a commercial decision for Lloyds to determine how it delivers its customer correspondence and to decide which postal services it employs. I think it's reasonable for Lloyds to use the postal service to deliver its correspondence when they make a commercial decision to close an account down.

I've gone on to consider whether Lloyds's reasons for closing the accounts was fair. In doing so, I appreciate that Lloyds is entitled to set their own policies and part of that will form their risk criteria. It is 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.

Lloyds has provided some further details of its decision-making process, which led to the closure of Mr P's accounts. I'm sorry but I can't share this information with Mr P due to its commercial sensitivity. But I've seen nothing to suggest Lloyds's decision around closing Mr P's accounts was unfair. On balance when considering Lloyds's wider regulatory responsibilities and all the information available to me, I find Lloyds had a legitimate basis for closing Mr P's accounts. So, it would not be appropriate for me to ask Lloyds to pay Mr P compensation since I don't find Lloyds acted inappropriately when it closed the accounts.

I acknowledge Mr P is unhappy that Lloyds decided to close his accounts. He has said that he wants an account with Lloyds (or within the Lloyds group) and wants his account reopened. But Lloyds isn't obliged to continue its relationship with Mr P simply because he wants to bank with them. Much as I understand Mr P's frustration with Lloyds's decision not to offer Mr P an account, a bank is not obliged to accept a customer's business and it doesn't have to provide Mr P with the reasons it no longer wants to offer him banking services.

Mr P has said that he believes that he is a victim of discrimination by Lloyds. He says he suspects Lloyds closed his accounts because of his ethnicity and surname. Mr P has said he has come to this conclusion because he can't think of any legitimate basis for Lloyds to have closed his accounts.

While I can appreciate this is his perspective, it is not my role to decide whether discrimination has taken place – only the courts have the power to decide this. I have, however, considered the relevant law in relation to what Mr P has said when deciding what I think is the fair and reasonable outcome. Part of this has meant considering the provisions of The Equality Act 2010 (The Act). I have to consider if other customers in similar situations would have been treated the same way. Having looked at all the evidence, I haven't seen anything to show that Lloyds would have treated another customer with similar circumstances any differently than Mr P. After looking at all the evidence, I've not seen anything to suggest Lloyds treated Mr P unfairly when it decided to review and close his accounts.

Mr P has also complained about the amount of time it has taken for him to return his closing balance. Mr P says he never received the closing balance cheque Lloyds sent to his address in May 2024. And he chased this up with the bank in August 2024. I've listened to the calls Mr P made to Lloyds. Having done so I do think Lloyds could have offered to reissue Mr P with a cheque at this point. Instead, they told Mr P to visit a branch to collect his balance due to the account being closed. So, I do think Lloyd's service could have been better here - especially given the difficulties Mr P has described about visiting a branch due to the nature of his job. But it doesn't follow that I must award Mr P compensation in these circumstances. Instead, I have to consider all the circumstances and information surrounding Mr P's complaint to decide whether I think awarding compensation would be a fair and reasonable outcome.

After considering what Mr P has said and the content of Lloyds's review, which includes the information Lloyds has provided to our service in confidence, I don't find awarding Mr P compensation would be fair or appropriate. I understand Mr P would naturally want to know the information I have weighted in order to reach this finding. But as I've set out already, I am treating this information in confidence, which is a power afforded to me under the Dispute Resolution Rules (DISP), which form part of the Financial Conduct Authority's regulatory handbook.

Accordingly, I have accepted information in confidence which I am not disclosing to Mr P. And the description of that information is that it's of a nature which justifies Lloyd's review, and which has led me to decide that awarding Mr P compensation would not be a fair or appropriate outcome for any of the matters he has brought as part of this complaint.

So, I'm not requiring Lloyds to compensate Mr P for any trouble and upset he may have experienced because of Lloyds closing his accounts, and the further dissatisfaction he experienced which ultimately flowed from not having access to the funds in his accounts, including his unhappiness with Lloyds's communication and the information it didn't provide him.

In summary, I recognise how strongly Mr P feels about his complaint, so I realise he will be disappointed by my decision. But overall, based on the evidence I've seen I won't be telling Lloyds to do anything more to resolve Mr P's complaint.

### **My final decision**

For the reasons, I've explained, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask X to accept or reject my decision before 22 May 2025.

Sharon Kerrison  
**Ombudsman**