

The complaint

Mr W, on behalf of an organisation I'll call H, complains that Lloyds Bank PLC decided to move H's account from a free account to a fee-paying account.

What happened

H ran its Lloyds account for a number of years, operating a low balance and making a limited number of transactions each year. In October 2024, Lloyds wrote to H to say its account would be changed from a free account to a paid account with a monthly charge of £4.25, along with other charges, depending on the account use.

When Mr W called Lloyds to complain, he says he was told a manager would call him back, and that he waited in for the call, but instead he received a final response letter from Lloyds, rejecting the complaint. Mr W brought H's complaint to our service, seeking to remain on the free account.

Our Investigator didn't uphold H's complaint. In short, she said Lloyds was entitled to set a reasonable price for the use of H's account, and that it could close H's account if H didn't accept the new account terms.

Mr W remained unhappy, so he asked for an Ombudsman to review the matter afresh.

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'm afraid there's not much more I can add to what our Investigator has already said. Mr W has set out why he thinks Lloyds should allow H to operate a free account, and I've read everything both he and Lloyds have sent our service. In order to maintain H's anonymity, I won't set out Mr W's reasoning, save to say that H is engaged in activities beneficial to the local community.

Lloyds is entitled to set its own pricing structure, and I can see that this change wasn't unique to H, and that it was applied to any of Lloyds' clubs, societies or association customers with an annual turnover of less than £250,000. I understand why Mr W feels Lloyds should keep H's account fee-free and I respect the work Mr W and H do in the community. But ultimately, I can't reasonably say Lloyds has treated H unfairly or made an error because it's made a commercial decision it is entitled to make.

It's not our service's role to interfere with decisions such as this: rather, we look at individual complaints to see if the bank has treated its customer fairly. Here, Lloyds has followed its process correctly and I've seen nothing to suggest H was treated differently, or otherwise treated unfairly. Lloyds wrote to H in advance of the switch, setting out the details as well as H's options. And while that was clearly not the outcome H desired, I'm satisfied Lloyds has followed the correct process and that it didn't do anything it wasn't entitled to do.

Mr W said he'd like Lloyds to reconsider its position and to treat this as an investment in communities. While I agree doing so would be an admirable approach, that is a decision only Lloyds can make and it wouldn't be appropriate for me to tell Lloyds to give H a free account, so I won't do so.

Before I wrote this decision, I contacted Lloyds to ask about the phone call Mr W says he was promised. Lloyds's representative said he had listened to the call and that Mr W was told someone would call him back within 4 days, but that Lloyds had simply decided to issue a final response letter instead. However, the representative did agree Mr W should have received a call back and said it would like to apologise to Mr W for not doing so.

While I understand it would have been frustrating for Mr W to receive a letter when he had been promised a call, I'm satisfied that the outcome would have been the same had Lloyds called Mr W, so the absence of a call didn't cause H any harm. And, while I agree Lloyds should have made the call, I'm satisfied that Lloyds' apology is sufficient to put things right. So, I won't ask it to pay compensation to H.

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 H to accept or reject my decision before 19 February 2025.

Alex Brooke-Smith
Ombudsman