

## The complaint

Mr C complains Lloyds Bank PLC closed his account in error. Mr C also complains about Lloyds' poor communication with him about this error and the impact this mistake has had on his credit file. He further complains Lloyds has breached data protection legislation.

## What happened

The issues at hand are well known by both parties, so I do not intend to repeat them in detail here, but in summary:

Mr C explained he applied to switch his current account to Lloyds in late October 2024. Initially, it appeared the switch was processing successfully, Mr C explained he received his debit card and PIN, and his mobile banking was activated.

Mr C said on 6 November he contacted Lloyds as his Lloyds account showed a zero balance. Mr C said there was no record of the switch showing so the phone call progressed to him processing the switch using the mobile app.

Mr C received further correspondence from Lloyds suggesting his account was switching, but on 11 November described not being able to find his account on the mobile app. Mr C contacted Lloyds on 12 November, who told him his account had been closed on 6 November.

Lloyds confirmed it had made an error in closing Mr C's account, explaining an adviser had closed his account when dealing with a different customer.

Mr C complains he wasn't advised of the closure of his account which occurred on 6 November until 12 November, and only was because he contacted Lloyds. He also complains he continued to receive correspondence suggesting his account was open throughout November, when it was not. He further complains about the conversation he had with Lloyds on 6 November and its *'dismissive response'* regarding the potential breach of his data.

Mr C has explained he has suffered financial loss as the closure disrupted Direct Debit payments and his salary being paid, explaining he had to make arrangements separately to cover these issues. He also said he lost out on the switch bonus of £200 and other benefits worth £100 associated with the account he was switching to with Lloyds. Mr C also detailed the distress and inconvenience this issue caused him, and explained he wanted an apology and significant compensation. He also wanted assurances his credit file had not been adversely affected and no adverse entries added to it.

I also note Mr C has asked for a wider review of some of Lloyds' processes regarding switching and closing accounts.

Lloyds wrote two final response letters to Mr C in November 2024. It agreed it had provided Mr C with poor service and paid £700 in compensation in total for the losses described, poor customer service and distress and inconvenience.

Lloyds confirmed it had closed Mr C's account by mistake, explaining an adviser Mr C had been dealing with had closed his account in error. Lloyds accepted he had had poor customer service during an online chat discussing his issues. It explained, as the account had been closed in error, Lloyds didn't send out a notification to Mr C.

Our investigator didn't think Lloyds needed to take any further action. They accepted Lloyds had made mistakes, but thought the compensation paid was reasonable.

Mr C disagreed with our investigator's recommendation, explaining they believed Lloyds had breached data protection regulations as the changes to his personal details were not authorised. Mr C also maintained Lloyds didn't do enough to contact him about the issues.

As Mr C disagreed with our investigator's recommendation, his complaint has been passed to me to make 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.

I appreciate how strongly Mr C feels about his complaint. Although I may not mention every point raised, I have considered everything but limited my findings to the areas which impact the outcome of the case. No discourtesy is intended by this, it just reflects the informal nature of our service.

Before I set out my thoughts on Mr C's complaint, I think it will be helpful if I set out our service's approach to compensation and the circumstances in which we ask businesses to award compensation.

Where our service finds a business has made a mistake or provided poor service, we seek to put the customer back in the position they would have been in had the issues not occurred. Our service doesn't have the powers to fine companies or change businesses process or procedures, we can only consider whether the customer was treated fairly and reasonably in the circumstances of the case in hand. We also can't award for what hypothetically might have happened. We consider what did happen, the impact that had on the consumer and what is fair and reasonable to resolve the issues for all parties considering all the circumstances.

We also have guidelines, published on our website, which show the levels of compensation our service typically expects and awards for different issues.

I will now deal with each point in turn Mr C has complained about. Firstly, I broadly agree with the recommendations of our investigator, who has already set out the issues in detail in their recommendation, so I will not repeat them here as both parties have received this.

#### Closing account

This was an error, which Lloyds has accepted and explained. I am satisfied this was human error and there doesn't appear to be anything outstanding for me to decide regarding the facts of this closure. The only issue for me to consider is whether I am persuaded the compensation offered is fair and reasonable, which I will discuss later in this decision.

#### Informing Mr C of the closure

Mr C said Lloyds should have informed him it closed his account, rather than him having to contact Lloyds. Lloyds has explained it usual would do this, but because the account was closed in error this didn't happen. I am therefore satisfied this was an extension and further consequence of the account being closed in error. Again, I will consider compensation for this matter below.

#### Receiving further correspondence from Lloyds towards the end of November

I accept this was unfortunate and may have led to some confusion on Mr C's part. Overall, I am again satisfied this is not in dispute. The evidence Lloyds has provided shows this one letter appears to have been a generic mail-out by Lloyds regarding online statements, as explained by our investigator. Lloyds explained it was generated for all accounts on a certain date, which appears to have included Mr C's account at the time.

I do not think the impact of this would have been considerable. Whilst I agree it caused some confusion, I again consider this is a consequence of the erroneous account closure.

#### Credit file

Lloyds has confirmed it has removed the credit search they undertook to open the account and the history of the account being opened and closed. Mr C also confirmed this is the case after receiving a credit report. This is what I would expect to have happened in the circumstances. I have examined the credit report submitted by Mr C and I am reasonably satisfied Mr C is back in the position he would have been in if the issues had not occurred.

I have considered the evidence Mr C has submitted regarding the products he has said he was apparently able to apply for in June 2024 and February 2025. Having done so, I broadly agree with our investigator here. These are not like-for-like comparisons. One set of results is for a commercial price comparison website for credit products, and the most recent one is a credit reference agencies list of pre-approved options.

Somewhat regardless of this, as I have explained, I haven't seen any evidence Mr C is claiming the actions of Lloyds has directly stopped him from obtaining a product or services and I am satisfied Lloyds has taken appropriate corrective action our service would expect.

#### Personal data breach

As I have explained, our service is an informal alternative dispute resolution service. We don't replace courts, industry regulators or other such services which may be better placed to determine complaints or legal issues.

That said, our service does consider data protection legislation when making a decision, as it is relevant law, but only a court or, in this case, potentially a regulator, could ultimately decide whether Mr C's rights under data protection legislation had been breached.

Lloyds has been consistent in its response to our service, it doesn't think it has breached data protections legislation, explained it had only closed an account not altered personal data.

I have therefore considered whether I think Lloyds has treated Mr C fairly and reasonably here. Lloyds made a mistake by closing Mr C's account, however, I haven't seen any evidence it changed his details or otherwise altered or compromised the integrity of his personal data – just closed the account in error.

I do appreciate the points Mr C made regarding his information being available to an adviser whilst dealing with a different customer. Again, Lloyds has recognised this was what led to Mr C's account being closed in error and has explained the adviser in question has been given feedback. I have not seen any evidence to suggest Mr C's personal details were shared with an unauthorised third party and Lloyds has confirmed it was not.

I understand Mr C's complaint regarding the alleged data breach and provision of personal information has been raised with the Information Commissioners Office (ICO). It might be this office is better placed to make a decision on whether legislation has been breached in the circumstances as described and take appropriate action here.

#### Further contact with Lloyds and complaint handling

Mr C raised further issues with Lloyds regarding complaint handling and sending a cheque. I can see Lloyds accepted it's service wasn't what Mr C should expect, and paid an extra £100 compensation for some of these issues. However, I am not persuaded providing a cheque, in the circumstances, was unreasonable of Lloyds. This is a recognised payment method and not unusual. I can see there were some delays, but I agree with our investigator's view that it didn't change the outcome and was within reasonable timescales with minimal impact.

Lloyds has accepted it made an error and explained how this occurred and what it has done to resolve the issues. Having considered this, I am persuaded this is a reasonable and fair response by Lloyds and what our service would expect.

I have therefore considered whether I think the total compensation offered for the distress and inconvenience and the financial loss Mr C has suffered is fair and reasonable.

Firstly, Mr C didn't benefit from the £200 switching bonus, Lloyds has now paid this loss to Mr C. Secondly, he missed out on the benefits package through Club Lloyds. Lloyds has paid £100 for this, which I understand Mr C agrees with from the correspondence I have seen. I am satisfied this is fair and reasonable compensation for the financial loss Mr C suffered here and equates to the position he would have been in had the switch occurred without issue.

Lloyds has also paid £300 for the impact the distress and inconvenience the original error had on Mr C. Lloyds has since paid a further £100 for the impact of the distress and inconvenience regarding the issues since he raised his complaint, therefore paying a total of £400 for the distress and inconvenience this matter has caused Mr C.

Our service expects awards of this sum to be awarded when the impact of a mistake has caused considerable distress, upset and worry and significant inconvenience and disruption that needs a lot of effort to resolve, with the impact lasting over many weeks or months. Details of the framework our service uses when determining fair and reasonable compensation is available on our website.

For these reasons I am therefore satisfied the compensation Lloyds has paid, a total of £700, fairly and reasonably compensates Mr C for both the financial loss and distress and inconvenience described. I therefore don't require Lloyds to take any further action.

### **My final decision**

For the reasons I have given, my final decision is I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 3 June 2025.

Gareth Jones  
**Ombudsman**