

The complaint

Mr W had a bank account and credit card with Lloyds Bank plc. Lloyds changed the address on Mr W's accounts without his authority, then closed the bank account. Mr W finds this unacceptable, wants an explanation and additional compensation.

What happened

Mr W contacted Lloyds to inform them his address had been changed without his authority and as a result he'd lost track of the account and accrued charges. Lloyds investigated and explained it was unclear why the address was changed and it can only be put down to human error. In its response to the complaint, it paid Mr W £500 compensation for the mistake and the length of time it took to respond to the complaint.

Lloyds reviewed the account at the same time, recognising that it should have offered more support with the overdraft in 2017. It said it would expect the account to be credited regularly when an overdraft was in use, and in 2017 Mr W wasn't doing this. Therefore, it refunded £2,106.56 worth of fees on the account, alongside the £500 in compensation and brought the account to a zero balance.

It also explained that this overdraft doesn't show on Mr W's credit file.

When providing its complaint response, Lloyds had a phone call with Mr W. On the call Mr W discussed recent hacking issues he and his partner had suffered. Lloyds said it will close the account, but Mr W explained this was unfair on him as he wants the bank account maintained, and the issue fully investigated. Once the redress was paid to Mr W, the account was closed.

Mr W called Lloyds over the next couple of months to explain he didn't agree to the compensation or the account closure. He'd said he didn't understand the offer of refunding charges, he explained his credit card had been impacted but hadn't had a refund of credit card charges.

In response to those calls, Lloyds wrote to Mr W providing a copy of the original complaint response. This letter explains that there's no mention that the credit card had been compromised, but if it has, Mr W should repay the balance and request the account be closed.

Mr W was unhappy with this response, so he brought the complaint to our service to investigate.

One of our investigators looked at the complaint and didn't uphold it. They found Lloyds had agreed an error had been made when the account address was changed, it explained this was down to human error. They agreed Lloyds acted unfairly when closing the account as it should've asked or given Mr W the notice period to allow him to make alternative arrangements. However, they considered the £500 compensation offered for the mistakes was fair in the circumstances of the complaint. They also considered the refund of the charges on the account to be fair, as they agreed the overdraft limit should have been

removed in 2017.

Mr W disagreed, he said Lloyds have not explained how the human error occurred, nor how the decision was made to close the account. He said his credit card account address was changed, and he still doesn't receive statements for this account. Mr W felt the £500 in compensation wasn't sufficient and wanted the account re-opened with the same account number.

The investigator gathered further information from both Lloyds and Mr W. They asked for the call recording which resulted in the account closure and credit card information, and asked Mr W for more information about how the address change impacted him.

Mr W has explained this has had a massive impact on his mental health and wellbeing and because the account has been closed, he can't access it. And Lloyds continue to take credit card payments putting him further into debt.

Our investigator looked again at the complaint based on the new information they'd received. They said in the call Lloyds explained how the error happened, and because Mr W believed the account to be compromised, it wasn't unreasonable for Lloyds to close the account, even though Mr W didn't agree to this.

Our investigator said Lloyds confirmed the address on the credit card is correct, but that the statement preference is set to online only, therefore Mr W wouldn't receive paper statements. As there was no evidence to suggest this account was compromised Mr W would need to repay the balance in order to close the account. They still felt the £500 offer was fair in the circumstances.

Mr W disagreed with this, he didn't think the explanations were adequate, nor did they make sense. As Mr W disagreed, it's been passed to me for a decision.

As part of my investigation I've asked for more information from Lloyds about Mr W's access to the app, credit card statements, and the history of the credit card addresses.

On reviewing Mr W's case I reached the same conclusion as our investigator but for different reasons. And in doing so I didn't ask Lloyds to do anything further.

On 7 March 2025 I issued my Provisional Decision and gave both parties until 21 March 2025 to provide further comments. Neither party responded to 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.

In my Provisional Decision I said:

It's not in dispute Mr W's address linked to his current account had been changed and it should not have been. Another Lloyds customer with similar details to Mr W called Lloyds, and as part of that interaction, a Lloyds member of staff incorrectly amended Mr W's account details.

Having listened to the call Lloyds had with Mr W, I think this explanation could have been much clearer and this likely could've provided better reassurance for Mr W. I understand and appreciate Mr W's concerns and questions about how this could have happened. It is not something I would expect from a bank, and ought not have happened.

Given what Mr W has said regarding recent hackings, I can understand the worry this mistake, and an unclear explanation of how it happened would have had on him.

Lloyds have corrected the address linked to the current account, apologised and paid £500 in compensation for the mistake. It also completed a thorough review of the account. Lloyds decided it could've reached out to Mr W back in 2017 when his account was overdrawn, so refunded £2,106.56 worth of charges.

Lloyds terms in relation to overdrafts mean that it should review the account regularly and may remove or reduce the limit if personal circumstances change. In this case Lloyds say this should have applied when Mr W went a number of months without repaying the overdraft. Neither party dispute this, and the offer made by Lloyds to resolve this seems fair and reasonable.

I've listened to the call Mr W had with Lloyds about the answer to the complaint. Mr W made it clear that he didn't want the account closed, he did provide some explanation around concerns he'd had over recent hackings. Lloyds has said it has closed the account because of the concerns it had been compromised. Given Lloyds had identified that the issue with the address change was an internal and isolated issue, and Mr W made it clear he didn't want the account closed, I don't think it was fair and reasonable for Lloyds to have closed the account without notice or offering an alternative. Lloyds terms allow it to close an account by providing at least two months' notice in advance. Whilst I recognise the concerns Lloyds had, I think Lloyds should've done more to provide Mr W with alternative banking facilities or provided notice to close his account to allow Mr W time to make alternative arrangements.

Having reviewed the account statements, the account was rarely being used prior to or during the incorrect address change. Whilst I appreciate there will be inconvenience and worry that the address was changed and the account was closed, given this does not appear to be an account regularly relied upon, I think this lessens the impact Mr W would've suffered due to Lloyds closing the account.

Mr W has suggested his credit card fees should also be refunded as he's not received statements due to the change in address. Having reviewed the evidence, I've seen the address on the credit card statements changed to the incorrect address. This has since been changed back to the correct address at the same time the bank account was. The credit card is set to paperless only, and appears to have been this way prior to the incorrect changing of the address. What's more, when the credit card address was incorrect, Mr W was able to both spend on the credit card, and make direct debit, and manual payments towards the credit card balance. Therefore, the address change doesn't appear to have impacted Mr W's ability to service his credit card.

Mr W has said when the bank closed his bank account, he could no longer access the app, to see his credit card statements. Lloyds has said Mr W has not accessed his online banking in the last 12 months, but he can regain access by calling its internet banking helpline team.

It's not clear based on the available evidence whether Mr W's lack of access to online banking is due to his current account being closed, or down to another reason. But during this time Mr W has continued to use the credit card regularly and paid his direct debit payment towards the balance. Because there's no evidence to show the lack of online banking access is linked to the current account closure, and Mr W has continued to use the card, and service it, I don't think it's reasonable to ask Lloyds to refund any interest or charges associated with it.

I understand Mr W's concern about the address change and agree he should've been provided a better explanation as to what caused it. I also agree Lloyds should not have

closed his account in the manner that it did. I think the situation would've caused Mr W worry and concern about the safety of his accounts, as well as some inconvenience in having the account closed.

I have to decide what I think is fair compensation considering all the circumstances of the complaint, and the impact that mistakes have caused. Whilst I acknowledge and appreciate what Mr W has told us about the impact these mistakes have had on him, I'm satisfied the offer of £500 fairly compensated Mr W for it.

I won't be directing Lloyds to re-open Mr W's account, I'm satisfied that the compensation adequately covers the distress and inconvenience of this, and given Mr W wasn't servicing his overdraft, it strongly suggests this wasn't his main account. And so, the lack of use of it hasn't significantly impacted him.

So I won't be asking Lloyds to pay any further compensation to Mr W.

Neither party responded to my Provisional Decision. As no new arguments have been made, I see no reason to change the outcome I reached in my Provisional Decision. I understand Mr W will be disappointed by my conclusions, but I won't be asking Lloyds to do anything further here.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 25 April 2025.

Simon Yates
Ombudsman