

## **The complaint**

Mr R complains that Lloyds Bank PLC closed his local branch. He also complains that the interest rate being charged for the use of his overdraft is too high.

## **What happened**

Mr R says that Lloyds are charging him a high rate of interest and he doesn't think this is right. He said he's complained to Lloyds about this before and has received a refund. Mr R says the charges are too high, given his circumstances.

Mr R also complains about the closure of his local branch. He says he now has a long journey to go to another branch in order to pay in cheques and use the cash machine.

To put things right, Mr R would like compensation from Lloyds for it closing his local branch. And he would like compensation of interest charges.

Lloyds didn't uphold Mr R's complaint. It explained that the charges for the current account were outlined in the terms and conditions, and because Mr R has used the overdraft facility, he has been charged for it. Because of this, it said it wouldn't refund the charges applied to his account. But it said he would freeze interest charges between January and April 2025. It also explained to him that it had written to him in June 2023, to let him know that his local branch was closing. It said it explained to him where his closest branch was, and provided him with other options of ways he could bank with it.

The Investigator considered what both parties had said, but they ultimately didn't think Lloyds had done anything wrong. The Investigator explained that Lloyds were entitled to charge for the use of the overdraft. And they explained that Lloyds had provided Mr R with notice of the branch closure, alongside information on different ways he could bank with it. So the Investigator felt that Lloyds had acted fairly.

Mr R didn't agree with the investigator's view. He said that Lloyds had refunded interest charges in previous years after admitting they had been overcharging him. Mr R also didn't think that Lloyds had addressed his request for compensation due to the closure of his local branch. In summary, he said it would now be difficult and costly for him to get to a different branch of Lloyds.

Because an agreement couldn't be reached, the complaint has been passed to me to decide on the matter.

## **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.

Having considered all of the available evidence, I'm sorry to disappoint Mr R, but I don't uphold his complaint.

I think it's important to explain I've read and taken into account all of the information provided by both parties, in reaching my decision. I say this as I'm aware I've summarised Mr R's complaint in less detail than he has. If I've not reflected something that's been said it's not because I didn't see it, it's because I didn't deem it relevant to the crux of the complaint. This isn't intended as a discourtesy to either party, but merely to reflect my informal role in deciding what a fair and reasonable outcome is. This also means I don't think it's necessary to get an answer, or provide my own answer, to every question raised unless I think it's relevant to the crux of the complaint.

### *Interest charges*

Mr R feels that he has been overcharged interest for the use of his overdraft facility, and he feels the rate he has been charged is too high. He says that Lloyds has previously refunded him interest because it agreed it had charged him too much.

I've looked at Mr R's statements, and I can see that he has been charged interest for when he uses the overdraft account. Lloyds is entitled to charge interest for the use of an overdraft and there isn't anything inherently unfair about this. I can see that this also forms part of the terms and conditions of the account. Based on the information I've seen, I haven't seen anything to suggest that Lloyds has charged interest when it shouldn't have.

I note that Mr R feels the rate of interest is too high. It is essentially up to Lloyds to make a commercial decision to decide what rate of interest it wants to charge for the use of the overdraft facility. This Service wouldn't generally interfere with a firm's commercial decision here. I'm sorry that Mr R isn't happy with the rate itself, but I can't ask Lloyds to change this where I haven't found it has done something wrong.

I can see that Lloyds has offered Mr R support with the overdraft – sending him letters explaining to him the cost of the overdraft. And it has explained that it would work with Mr R to help him reduce the level of overdraft he has, which would in turn reduce what he pays for the overdraft use. I think this is fair in the circumstances.

In addition to this, I can also see that Lloyds offered to freeze interest charges for Mr R between January and April 2025. Given that Lloyds isn't doing anything wrong by charging interest for the use of the overdraft, I think this is more than fair in the circumstances. And I'm satisfied it is taking steps in an attempt to support Mr R with the charges.

While I can understand why Mr R might be unhappy with the charges, I can't reasonably order Lloyds to reduce the interest rate it has decided to charge. Although if Mr R reaches out to Lloyds for support in repaying the overdraft (to help reduce the charges), I would expect it to support him in doing so.

### *Branch closure*

Before Lloyds took the decision to close Mr R's local branch, it wrote to him to tell him about it. This happened a few months before the branch closed and so I think sufficient notice was given.

Essentially, it's Lloyds commercial decision to decide what branches it closes, and which branches it keeps open. I can see in the letter it sent to Mr R, providing him with notice of the closure, that it had taken the decision to close the branch because of the different ways its customers were choosing to bank with it and using the branch less. It isn't within the remit of this Service to force a firm to keep a branch open. Nor can I punish or fine a business for using its commercial discretion to close one of its branches. But given the reasons it provided for the closure, its decision doesn't seem unreasonable.

Closing Mr R's local branch has clearly had an impact on him, and I understand this is greater, because he says he would have to pay for a taxi to get to his closest branch which is three miles away. Mr R says that it would now be difficult for him to pay in cheques and use a cash machine. I can understand why Mr R would find the closure inconvenient.

That said, I can see that Lloyds has attempted to support Mr R in relation to the branch closure. The letter it sent to him providing him with notice of closure, explained to him where the other nearest branches were, and what banking actions he could take at these branches. It also explained that he could use the Post Office for some banking facilities and explained where the nearest Post office was, and what he could do at this location. The letter also explained some of the other ways Mr R could bank with it, including telephone banking, internet banking, mobile banking, and provided details of nearby ATM machines.

I'm very sorry to disappoint Mr R as I can see how strongly he feels in this matter. But I haven't been persuaded Lloyds' decision was unfair. I'm satisfied it communicated its decision to Mr R with reasonable notice and explained the basis on which its branch would close. And I'm satisfied Lloyds provided information regarding alternative branches and other banking options available to Mr R, in line with the industry guidance. Because of this, while acknowledging the inconvenience caused to Mr R, I don't find that Lloyds has done anything wrong. And so I won't be asking it to pay Mr R any compensation.

### **My final decision**

For the reasons set out above, I don't uphold Mr R's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 4 August 2025.

Sophie Wilkinson  
**Ombudsman**