

The complaint

Mr S complains Lloyds Bank PLC unfairly closed his accounts.

What happened

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

Mr S held accounts with Lloyds. On 3 August 2024 Mr S received a text message from Lloyds regarding his account being in its overdraft. Mr S contacted Lloyds about the message as he wasn't in his overdraft, and explained it caused him concern and confusion. Lloyds reviewed the issue and explained its findings in its final response letter dated 6 August 2024. Lloyds said the phone number provided by another customer was incorrect – but was the number for Mr S, and this explained why Mr S had received the message. Lloyds explained its records had been updated and apologised for any inconvenience caused to Mr S.

As part of its review of this issue, Lloyds also made the decision to end its banking relationship with Mr S. In its letter it explained it was taking this action in line with the account terms and conditions. Mr S had until 10 October 2024 to make alternative banking arrangements, and Lloyds explained it wouldn't be offering Mr S services in the future.

Mr S raised concerns about Lloyds' decision, explaining it had failed to provide a clear reason for the closure, and its decision had caused him distress and inconvenience, so compensation was due. In its response dated 13 August 2024 Lloyds said it had provided Mr S with the necessary notice to close his accounts, and it wasn't obligated to provide him with a further explanation.

Mr S reiterated his concerns to Lloyds and in its letter dated 8 October 2024 Lloyds explained its position remained unchanged regarding the account closure. It also explained that the text message sent to Mr S in error was not due to an error on its part, but rather due to a customer providing incorrect information. Lloyds confirmed the accounts would close on 10 October 2024.

Unhappy with Lloyds' handling of his concerns Mr S referred his complaint to our service. An Investigator reviewed his complaint and in summary, made the following findings:

- Lloyds' decision to close Mr S' accounts is a commercial decision it is able to make.
- The terms and conditions of Mr S' accounts allow Lloyds to close the accounts with the relevant notice period.
- Lloyds isn't obliged to provide Mr S with details of its reasons for closing his accounts.
- The text message received was due to a mistake made by another customer – not Lloyds.

Mr S disagreed with the review and reiterated his concerns regarding the handling of his accounts, explaining the closure of his accounts affected his financial needs. Mr S asked for his complaint to be reviewed by an Ombudsman.

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 Mr S was disappointed by the Investigator's opinion. I'd like to reassure Mr S that I've considered the whole file and what's he's said. But I'll concentrate my comments on what I think is relevant. If I don't mention any specific point, it's not because I failed to take it on board and think about it, but because I don't think I need to comment on it to reach what I think is a fair and reasonable outcome. No discourtesy is intended by me in taking this approach. It simply reflects the informal nature of our service, as an alternative to the courts.

Mr S' complaint was triggered by his receipt of a text message that was intended for a different customer. Lloyds investigated this issue when Mr S raised it in a prompt manner – and in its response to his complaint it set out why Mr S had received the message and assured him the details had been amended to ensure this didn't occur again. I do understand Mr S' concern over his personal data and the security of the information Lloyds holds about him. However, looking at the review carried out by Lloyds, I'm satisfied that it has dealt with the issue appropriately, and provided Mr S with the necessary assurances.

Lloyds' review of Mr S' account led to its ultimate decision to close the accounts. I understand Mr S feels he is a long-standing customer and deserves better treatment. However, this is a factor we'd expect Lloyds to consider. Ultimately 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. As long as they 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 banking services without proper reason, for instance of unfair bias or unlawful discrimination.

Lloyds hasn't disclosed the specific reasons for closure directly to Mr S – but in its confidential submissions to this service it has explained how it reached this decision. Mr S thinks Lloyds' failure to provide reasoning is unfair. Lloyds isn't required to provide details of how it reached its decision – but in its responses to Mr S' complaint Lloyds has referred to difficult phone calls with staff members, and the number of complaints Mr S has raised with it. These details should provide Mr S with some understanding of why Lloyds has made the decision to close Mr S' accounts as it appears the relationship between Mr S and Lloyds had broken down. Based on my review of the contact notes involving Lloyds and Mr S, alongside his concerns regarding the service he was receiving, I'm satisfied Lloyds reached this decision fairly.

I can see the closure of the account has caused Mr S distress, and he has explained the impact Lloyds' decision has had on him. Unfortunately, an account closure will inevitably cause a level of inconvenience, and the account holder will have to spend time making alternative arrangements. Mr S has asked for compensation to recognise the impact the closure had on him. But this isn't something I can fairly ask Lloyds to compensate Mr S for, as its decision was made in line with its account terms. Further, although I appreciate the closure came as a surprise to Mr S, he had two months to make alternative arrangements. So although I understand Mr S' disappointment with the closure, I consider the impact on Mr S to be fairly minimal.

I know this will not be the outcome Mr S was hoping for, and he will be disappointed with the decision I've reached. But I hope my decision provides some clarity around why I won't be asking Lloyds to take any further action.

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 Mr S to accept or reject my decision before 2 July 2025.

Chandni Green
Ombudsman