

## **The complaint**

Mr and Mrs R complain that Lloyds Bank PLC ('Lloyds') blocked and closed their account.

## **What happened**

Mr and Mrs R had a joint current account with Lloyds. In November 2024, two payments, one for £60 and the other for £100, were received into the account. Mr and Mrs R weren't expecting these payments and didn't recognise the name of the senders.

After the funds entered their account, they were moved to Mrs R's savings account. Mr and Mrs R say they transferred the funds to a savings account because they received the payments around the weekend period and intended to contact Lloyds about what had happened the following week.

Lloyds restricted the account and spoke to Mr and Mrs R about one of the payments, because they received a fraud report from a third-party bank regarding the funds. Mrs R confirmed the two payments recently received into the account were from persons unknown to her and Mr R. She wasn't expecting the funds and was unable to provide an explanation as to why the funds were received into the account.

Lloyds decided to close Mr and Mrs R's account with 65 days' notice and confirmed it was also frozen, so they could only access any remaining funds in the account if they went into a branch with suitable identification.

Mr and Mrs R referred the complaint to our service.

One of our Investigators looked into things and didn't uphold the complaint. In summary they said:

- Lloyds conducted an account review in line with its legal and regulatory obligations, following receipt of the two payments. It asked Mr and Mrs R for information about them, since Lloyds had received knowledge that the account was in receipt of fraudulent funds
- The payments received into the account were out of character for the historic account usage and when asked further about this, Mr and Mrs R hadn't supplied any information requested by us
- Lloyds wasn't under any obligation to share further information about why it restricted the account
- Lloyds reserved the right to close an account without notice or explanation, in line with its terms and conditions. And hadn't treated Mr and Mrs R unfairly in doing so

Mr and Mrs R disagreed. In short, they said Mrs R had her accounts with Lloyds and other banks in its group closed. And Mr R's accounts had been frozen. They felt they had been blacklisted and requested Lloyds provide them with compensation for the distress and inconvenience caused.

Unhappy with the outcome, Mr and Mrs R asked for their complaint to be decided 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.

Banks in the UK are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. They are also required to carry out ongoing monitoring of an existing business relationship. That sometimes means banks need to restrict, or in some cases go as far as closing, customers' accounts.

Mr and Mrs R don't dispute the payments they received into their account were unexpected and from third parties they didn't know. Lloyds was entitled to conduct an account review and restrict access to the account, to fulfil its legal and regulatory obligations following receipt of the funds.

Mr and Mrs R have offered an explanation regarding why they didn't inform Lloyds about the payments straightaway and instead moved them to a savings account. But they haven't been able to explain why the funds were paid into their account after Lloyds received a report of fraud and asked for further information about the funds. So, I don't find Lloyds did anything wrong in restricting the account.

A bank is entitled to close an account just as a customer may close an account with a bank. But before a bank closes an account, it must do so in a way, which complies with the terms and conditions of the account.

The terms and conditions of the account, which Lloyds and Mr and Mrs R had to comply with, say that it could close the account by giving them at least two months' notice. And in certain circumstances it can close an account immediately or with less notice.

Having looked at the information given to me by Lloyds, I'm satisfied it was entitled to close the account in the way that it has done. Lloyds isn't obliged to share this information with Mr and Mrs R.

I'd also add that our rules allow us to receive evidence in confidence. We may treat evidence from banks as confidential for a number of reasons – for example, if it contains security information, or commercially sensitive information. Some of the information Lloyds has provided is information I consider should be kept confidential.

I understand Mr and Mrs R have been left in a difficult position following the closure of their account. But having considered everything, I think Lloyds have acted reasonably in the circumstances of the complaint - so I won't be directing Lloyds to do anything to put things right.

### **My final decision**

For the reasons above, I have decided not to uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs R and Mr R to accept or reject my decision before 12 September 2025.

Khadijah Nakhuda  
**Ombudsman**