

The complaint

A charity, which I will refer to as B, complains that Lloyds Bank Plc has changed its existing fee-free Treasurers' Account to a fee-paying Community Account.

What happened

Lloyds told us:

- In October 2024 it wrote to B to explain that it was changing B's existing Treasurers' Account to a Community Account with effect from January 2025. It also explained that the terms and conditions of the account would be changing, and that it would apply charges to the Community Account.
- It does offer a Charity Account with lower fees, but that account is not available to small unregistered charities with an income below £5,000. It is not prepared to offer a Charity Account to B.
- It does not have any record of B contacting it to ask if B could have a Charity Account in light of B's relationship with a registered charity. But having considered the available public information, it is satisfied that the two organisations are separate entities, with the registered charity merely providing advice and information to B. That means it is still not prepared to offer a Charity Account to B.

B's representatives told us:

- They believe that Lloyds' decision is not fair to small charities like theirs. The effect is that they are now a vulnerable customer, because they cannot keep B's money securely with Lloyds without incurring costs that are higher than the interest they receive.
- Lloyds told them that it might accept B for a Charity Account if B came under the umbrella of a registered charity. They provided the charity number of an organisation that B is associated with, but Lloyds will not confirm one way or another whether it would apply charges to B.

One of our investigators looked at this complaint, but he did not uphold it. He said that Lloyds had made a commercial decision to make changes to its Treasurers' Accounts, and that is not something the Financial Ombudsman Service can interfere with. He also said that he was satisfied Lloyds had complied with the terms and conditions of the account when making those changes. In particular, he was satisfied that Lloyds had given B sufficient notice, and that B could have closed its account without incurring any fees if its representatives had decided not to go ahead with the Community Account. He didn't think that Lloyds had any obligation to allow B to have a Charity Account.

B's representatives did not accept our investigator's findings. They said that Lloyds had failed to confirm or deny whether it would allow B to have a Charity Account given its links to

a registered charity. Their view was that they were not in a position to decide on B's next steps without that information.

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 acknowledge that B's representatives feel very strongly about this situation, and I am sorry to further disappoint them. But having considered all the evidence, I have come to the same conclusions as our investigator, for the same reasons.

Lloyds is entitled to make commercial decisions as to which customers, and which types of customers, it wishes to provide accounts for (so long as it complies with the relevant regulations and the general law). It is also entitled to make commercial decisions as to how much, if anything, it wishes to charge those customers (again, so long as it complies with relevant regulations and the general law).

In this case, Lloyds has decided that it does not wish to continue to provide a fee-free account to B. I consider that that is a commercial decision the bank is entitled to make, and it would not be appropriate for me as an ombudsman to interfere with it. Lloyds is not required to offer free banking to small unregistered charities in B's position.

I consider that Lloyds' correspondence with B made the bank's intentions clear, that Lloyds gave B fair notice of its intention to make changes, and that Lloyds complied with the relevant terms and conditions. Overall, I consider that Lloyds treated B fairly.

I acknowledge that there appears to have been some confusion on the part of B's representatives as to whether Lloyds would allow them to open a Charity Account in light of their association with the registered charity they mentioned. But I can't see that Lloyds has ever told them that it would not apply fees to B's Community Account, nor can I see that Lloyds has ever said it would extend its deadline for the conversion of B's Treasurers' Account. B's representatives have said that they might make a second complaint about matters related to the registered charity, but here I am only considering B's complaint about the change from the Treasurers' Account to the Community Account.

B's representatives had the opportunity to close B's account before any charges were applied, but they chose not to do that. I therefore see no reason why Lloyds should not be entitled to apply its usual charges for a Community Account.

I appreciate that if B's representatives wish to retain a bank account with Lloyds for B, that means B will have to pay fees. That may have a significant impact on B given its low level of income. I also appreciate that B's representatives may not be able to find a free account elsewhere that provides the same services that B used to receive from Lloyds when it had a Treasurers' Account. But I don't think Lloyds has done anything wrong, so I cannot order Lloyds to make any changes to B's account. In particular, I cannot order Lloyds to provide B with a Charity Account, nor can I order the bank to provide B with an account with the same terms as its previous Treasurers' Account.

My final decision

My final decision is that I do not uphold this complaint about Lloyds Bank Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask B to accept or reject my decision before 2 October 2025.

Laura Colman
Ombudsman