

The complaint

Miss N complains Lloyds Bank PLC unfairly closed her account and provided her with poor service.

What happened

Miss N held a Lloyds current account. On 23 October 2023 Miss N received two incoming payments – one for £742.99 and another for £639.99. These payments prompted Lloyds to restrict and review the account.

Following a review of the account Lloyds made the decision to close the account. Lloyds provided Miss N with 65-days' notice, but the account remained restricted during this time. Lloyds also returned £278.37 to the sending bank following the information it had received regarding the incoming payments.

Miss N contacted Lloyds on 5 June 2024 to raise a formal complaint about the handling of her account. Miss N said she never received the notification her account would close, and she hadn't spoken to Lloyds at the time it restricted the account about the incoming payments. Miss N said she spent a significant amount of time trying to resolve her account issues and obtain information from Lloyds. Miss N said she had to attend two different branches and highlighted that she had informed Lloyds she was in a difficult position due to relationship problems she had previously told them about.

Lloyds reviewed Miss N's concerns and in its final response letter dated 18 June 2024. In this response Lloyds found:

- It should've provided better service to Miss N when she attended branch and contacted it regarding her account. It has paid Miss N £40 via cheque in recognition of its shortcomings.
- Miss N told it that the payments sent her to her account had nothing to do with her, but during a call on 23 October 2023 Miss N said they were funds from a friend.
- Although Miss N says the call on 23 October 2023 wasn't her, Lloyds had listened to the call, and it matched a call with Miss N from 5 June 2024.

Miss N remained unhappy and referred her complaint to this service. An Investigator looked into Miss N's complaint and gathered the relevant evidence, and asked Miss N for more details regarding the account activity. The Investigator didn't think the complaint should be upheld. The Investigator explained this was because:

- Miss N had informed Lloyds her relationship issues, and it was aware her account was at risk. Lloyds should've provided further support to Miss N.
- Lloyds has shown the notice to close letter was sent – and although Miss N says she didn't receive it, this isn't something Lloyds can be held responsible for.
- Miss N didn't appear to rely on the account for day-to-day spending as she only noted the account closed after the notice had expired. The impact on Miss N was therefore minimal.
- Lloyds doesn't have details of Miss N's visits to branch. It acknowledged the service

it provided her should've been better, and issued a cheque for £40 in recognition of any distress and inconvenience caused. This is fair in the circumstances.

Miss N remained unhappy and reiterated her concerns about Lloyds' actions. As no agreement could be reached, the case has been referred to me – an ombudsman – for a final 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.

Firstly, I am sorry to see Miss N has had cause for complaint. I can see this has been a particularly challenging time for her and I am grateful for her openness with our service in relation to her personal circumstances. Having looked at the complaint fully, my review of the evidence has led me to the same overall conclusions as the Investigator previously set out and for much the same reasons. I will explain why.

I'll start by setting out some context for the review of Miss N's account. UK legislation places extensive obligations on regulated financial businesses. Financial institutions must establish the purpose and intended nature of transactions as well as the origin of funds, and there may be penalties if they don't. This applies to both new and existing relationships. These obligations override all other obligations. In Miss N's case I'm satisfied Lloyds was complying with these obligations when they reviewed Miss N's account.

I would add too 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 that we considered should be kept confidential. This means I haven't been able to share a lot of detail with Miss N. I understand Miss N feels the lack of transparency is unfair – but I'd like to reassure her that I have considered everything she and Lloyds have said before reaching my decision.

Based on the information disclosed by Lloyds I'm satisfied it acted fairly by blocking Miss N's account and had no obligation to tell Miss N the basis of its concern or forewarn her of its intention to carry out such a review.

Miss N's account terms and conditions also allow Lloyds to block the account to ensure it's able to comply with its regulatory requirements. I understand Miss N's frustration with the block, but I've looked at the reasons Lloyds placed blocks on the account, and I'm satisfied it acted in line with its obligations and acted both fairly and reasonably. So, I don't think Lloyds did anything wrong when restricting the account.

Whilst the account was blocked Lloyds asked Miss N about the source of two incoming payments. During a call Miss N explained the incoming payments were from a friend. Later when Miss N raised concerns about the handling of her account, she said she didn't have a conversation with Lloyds at the time the account was restricted. I've considered the available evidence, and I'm persuaded Miss N did speak to Lloyds about the incoming payments and state they were from a friend. Lloyds didn't consider Miss N's comments that the funds were from a friend to be sufficient to prove Miss N was entitled to the funds, and I consider this to be reasonable in the circumstances.

The terms and conditions of Miss N's account set out that the bank can close the account by providing 60 days' notice. In certain circumstances, it can also close the account immediately. In this case Lloyds blocked Miss N's account, so I consider this to be akin to an

immediate closure. For Lloyds to act fairly here they needed to meet the criteria to apply their terms for immediate closure – and having looked at these terms and all the evidence that the bank has provided, I'm satisfied that Lloyds did.

I can see the closure of the account has caused Miss N distress, and she has explained the impact Lloyds decision has had on her. I appreciate her visits to branch were stressful and lengthy and Lloyds has paid Miss N £40 to recognise the impact on her. Unfortunately, an account closure will inevitably cause a level of inconvenience, and the account holder will have to spend time making alternative arrangements. Miss N has asked for greater compensation to recognise the impact the closure had on her. But this isn't something I can fairly ask Lloyds to compensate Miss N for, as its decision was made in line with its account terms. I am also mindful of the fact Miss N only noted the account was restricted and closed sometime after the notice to close letter was issued. Miss N says she never received it, but Lloyds notes show it was sent. More importantly it didn't seem Miss N tried to use the account again during this time, which suggests she had other accounts which she could rely on, therefore reducing the impact of Lloyds' actions on her.

I've also thought carefully about Miss N's personal circumstances at the time the account was restricted and closed. Miss N had informed Lloyds of her relationship challenges, and at this point Lloyds noted this on her account. However, it wasn't until March 2024 that Lloyds became aware of the severity of the relationship issues Miss N had previously outlined. This was after Miss N's account had been closed. I understand Miss N was in a vulnerable position – but given Miss N wished for the account to remain open and active, I don't think Lloyds could've taken any further action to support Miss N. Miss N says her partner had access to her account, and this explains the activity on the account. I appreciate Miss N was in a difficult position, but given the details Miss N has disclosed, the only appropriate action would've been for the account to be closed. I must also highlight that Lloyds' regulatory and legal obligations override its various other obligations in the provision of services. So although I understand Miss N's disappointment with the lack of support from Lloyds, I don't think it could've reasonably done anymore in the situation.

I know this will not be the outcome Miss N was hoping for, and she 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 Miss N to accept or reject my decision before 14 August 2025.

Chandni Green
Ombudsman