

## **The complaint**

Mr D complains that Lloyds Bank PLC (Lloyds) unfairly closed his accounts without providing a proper explanation. Mr D H says this caused him unnecessary trouble and upset.

## **What happened**

Mr D had two accounts with Lloyds.

In April 2025, Lloyds decided to review Mr D's accounts. Following this on 17 April 2025, Lloyds decided to close Mr D's accounts.

Lloyds gave Mr D 65 days' notice to make alternative banking arrangements. During the notice period the accounts were blocked. But Lloyds told Mr D that he would be able to access his salary or benefit payments by attending branch with some identification.

Mr D complained to Lloyds. He said he wanted to carry on banking with Lloyds and said that Lloyds's decision has had a severe impact on him. Mr D said he had to rearrange all the payments that left his accounts. And he was put to a lot of trouble having to visit a branch every time he needed to take out money.

In response, Lloyds said that it had reviewed and closed Mr D's accounts in line with the terms and conditions of the accounts. And it wasn't willing to provide Mr D with a further explanation.

Mr D remained unhappy and asked us to investigate his complaint. He wants Lloyds to provide a proper explanation about why it closed his accounts and reopen them. Mr D said Lloyds's actions made him feel stressed and anxious. And having to go to branch was inconvenient. So, he wants Lloyds to pay him compensation.

After looking at all the information the investigator said that Lloyds hadn't treated Mr D unfairly when it had closed his accounts. They were satisfied that Lloyds had sent Mr D a closure notice. And had closed the accounts in line with the terms and conditions. So, they said Lloyds didn't have to do anything more to resolve Mr D's complaint.

Mr D disagreed. He wants to know why Lloyds closed his accounts and feels very let down that Lloyds haven't explained why it no longer wants him as a customer. He wants compensation.

Mr D asked for an ombudsman to review things. So, the matter has come to me to decide.

## **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 would add too that our rules allow us to receive evidence in confidence. We may treat evidence from financial businesses as confidential for a number of reasons – for example, if it contains information about other customers, security information or commercially sensitive information. It's then for me to decide whether it's fair to rely on evidence that only one party has seen. It's not a one-sided rule; either party to a complaint can submit evidence in confidence if they wish to, and we'll then decide if it's fair to rely on it. Here, the information is sensitive and on balance I don't believe it should be disclosed. But it's also clearly material to the issue of whether Lloyds has treated Mr D fairly. So, I'm persuaded I should take it into account when deciding the outcome of the complaint.

I'm very aware that I've summarised the events in this complaint in far less detail than the parties and I've done so using my own words. No discourtesy is intended by me in taking this approach. Instead, I've focused on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts. If there's something I've not mentioned, it isn't because I've ignored it. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome. But I have read all Mr D's submissions.

I want to make it clear that I understand why what happened concerned Mr D. I've no doubt it would've come as quite a shock to him, and he would've been very worried to find out that his accounts had been blocked and were going to be closed. But Lloyds has extensive legal and regulatory responsibilities they must meet when providing account services to customers. They can broadly be summarised as a responsibility to protect persons from financial harm, and to prevent and detect financial crime. To comply with these responsibilities Lloyds will sometimes review accounts and go so far as closing them, which is what happened here.

I've considered the basis for Lloyds's review and blocking Mr D's accounts. Having done so I find this was legitimate and in line with its legal and regulatory obligations. The terms and conditions of the account also make provision for this. So, I'm satisfied Lloyds acted fairly by reviewing and blocking Mr D's accounts.

Following its review Lloyds decided it no longer wanted to offer Mr D account facilities. As the investigator has already explained, it's generally for financial institutions to decide whether or not they want to provide, or to continue to provide, banking facilities to any particular customer. Each financial institution has its own criteria and risk assessment for deciding whether to open or close accounts and providing an account to a customer is a commercial decision that a financial institution is entitled to take. Unless there's a very good reason to do so, this service won't usually say that a bank must keep a customer or require it to compensate a customer who has had their account closed.

As long as they reach their decisions about that in a legitimate manner, this service won't usually intervene. But before Lloyds closes an account, they must do so in a way which is fair and complies with the terms and conditions of the account. I've looked at the terms and conditions, and they state that Lloyds could close Mr D's account by giving at least two months' notice. I've seen the letter Lloyds sent to Mr D giving him the full notice period, so I'm satisfied Lloyds has complied with this part.

I've next gone on to consider whether Lloyds's reason for closing the accounts was fair. In doing so, I appreciate that Lloyds are 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. On balance when considering all the relevant considerations and information available to me, I find Lloyds had legitimate basis for closing Mr D's accounts and did so fairly and in line with the terms and conditions

of the accounts.

Lloyds are not obliged to provide Mr D with a full explanation why they made the decision to close his accounts. I understand of course why Mr D wants to know the exact reasons behind Lloyds's decision to close his accounts. It can't be pleasant being told you are no longer wanted as a customer. But Lloyds doesn't disclose to its customers what triggers a review of their accounts. And it's under no obligation to tell Mr D the reasons behind the account closure, as much as he'd like to know. So, I can't say it's done anything wrong by not giving Mr D this information. And it wouldn't be appropriate for me to require it to do so now.

Mr D says Lloyds blocking his accounts caused him significant inconvenience because he had to visit a branch each time he wanted to withdraw funds, and he had to rearrange all his direct debits that were set up on his accounts. I do appreciate this matter would've caused some difficulty. But having looked at what's happened in this case I can see no basis on which I might make an award against Lloyds given that I don't think it failed to properly follow its own procedures when it blocked and closed Mr D's accounts.

In summary, when I weigh everything up, I can't conclude that Lloyds treated Mr D unfairly when it closed his accounts. So, I'm not requiring Lloyds to compensate Mr D for any trouble and upset he may have experienced because Lloyds blocked his accounts, and the further dissatisfaction he experienced which ultimately flowed from his accounts being closed, including his unhappiness with Lloyds's communication and the information it didn't provide him.

I recognise how strongly Mr D feels about his complaint, so I realise he will be disappointed by my decision. But overall, based on the evidence I've seen I won't be telling Lloyds to do anything more to resolve his complaint.

### **My final decision**

For the reasons I've explained, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 10 February 2026.

Sharon Kerrison  
**Ombudsman**