

The complaint

Mr S and Miss G complain that Lloyds Bank PLC closed their joint account. Mr S says this was done over the Christmas period, so having 65 days' notice was not much time to pay off the overdraft and find other banking facilities. He also says Lloyds should've provided a basic bank account and not told them that they won't allow them to apply for future accounts.

What happened

Mr S had made complaints to Lloyds about some issues he had faced when with them. These issues included an app notification and wrong information given on a dispute claim that he raised. For these issues Lloyds paid £20.

Following these disputes Lloyds made the decision to close Mr S and Miss G's joint account. In its final response letter, it addressed the disputes but also said as Mr S had raised several disputes with them and it was clear that the service didn't meet Mr S's expectations. It went on to say that when they spoke to Mr S he told them he no longer wished to bank with them, and they provided details of how to switch accounts. It went on to explain it was providing 65 days' notice for Mr S and Miss G to make other banking arrangements, and on or after this date all their accounts with the Lloyds Banking Group would be closed, and no new accounts would be offered in future. It also explained that if Mr S or Miss G opened an account in the future, it would be closed immediately as soon as they become aware.

Mr S raised a further complaint about the account closure. He's explained when saying he didn't want to bank with Lloyds it was out of frustration, it was Christmas period so difficult to pay off the overdraft and arrange other facilities. He says Lloyds should've provided him with basic banking facilities and it's unfair that they wouldn't allow Mr S to apply for future accounts.

Lloyds issued a further final response letter explaining it didn't feel it had made a mistake and stood by its decision to close the account. Unhappy with Lloyds response Mr S and Miss G brought the complaint to our service.

One of our investigators looked at the complaint and didn't uphold it. They said Lloyds had provided notice of the closure and were entitled to close the account in the circumstances. They've also said because Mr S and Miss G had been able to open an account elsewhere, Lloyds weren't acting unfairly by not providing one.

Mr S was unhappy and asked for the complaint to be escalated to an ombudsman. He reiterated his key complaint point explaining he felt Lloyds must provide or change his account to a basic bank account.

A second investigator took over the complaint and provided a follow up response. They addressed additional points relating to the incorrect in-app notification, and incorrect information provided when a dispute was raised, and an SMS issue. They looked at those issues but considered that the apologies and £20 Lloyds had credited Mr S and Miss G's account with, was fair in the circumstances of those complaints.

Mr S disagreed he explained being told additional payments were going out is a clear bank error that caused additional stress to both parties.

As Mr S disagreed, it's come to me to make a decision on the complaint.

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'm aware I've summarised events of the complaint and in 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 focussed 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. I do stress however that I've considered everything that Mr S and Lloyds has said before reaching my decision.

Account closure

It's generally for banks and financial businesses to decide whether or not they want to provide or continue to provide banking facilities to any particular customer. 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.

That's because Lloyds is entitled to close an account with Mr S just as Mr S is entitled to close his account with Lloyds. But before Lloyds closes an account, it 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 Lloyds can end the agreement without telling a customer in certain scenarios, or if Lloyds end the agreement for any other reason, it must provide two months' notice in advance. In this instance, the reason Lloyds provided didn't fit within its immediate closure terms, but it's provided 65 days' notice, so I'm satisfied that it's complied with the terms and conditions of the account when closing it.

I've next gone on to consider whether Lloyds' reason for closing the account was fair. Lloyds has explained that it's closed the account because it's considered the relationship to have broken down. I've looked at the communication that Mr S had with Lloyds and also considered what he's said about the situation. He's said that he did tell Lloyds that he'd be moving his accounts elsewhere because of the frustration he's had using its service. Whilst I appreciate, he said this to Lloyds out of frustration given the issues he'd had, and the complaints raised, I don't think it was unreasonable for Lloyds to consider the relationship to have broken down. So, I don't find it's reason for closing the account to have been unfair.

The terms of the account also say that when an agreement ends, a customer must pay any money they owe. This meant Lloyds asked Mr S to repay his overdraft before the end of the agreement. So I'm satisfied that Lloyds were within their rights to do this.

Mr S also said he ought to have been offered, or had the account converted to a basic bank account. Basic accounts, and the provision for banks to provide them, are intended to ensure that people that don't meet the provisions for standard accounts can still have access to basic banking facilities. The regulations say that in order to be eligible for a basic bank account, a consumer must not hold an account with a provider in the UK which has at least the features of a basic account.

Having looked at all the available evidence, including Mr S and Miss G's bank statements, it appears that they were making multiple transactions from their Lloyds account to other of their own external bank accounts. And they've been able to switch their current account to another account provider. So, I don't think it was unreasonable for Lloyds to have considered Mr S and Miss G likely ineligible for a basic account. Therefore, I don't think it would have been appropriate to convert Mr S and Miss G's account to a basic account.

Previous complaints

The account closure has stemmed from a number of previous complaints that were addressed in the final response letter, that also set out the closure of the account.

As part of these complaints, Lloyds has said it sent an incorrect app notification advising Mr S and Miss G they had a standing order due out the following day.

Lloyds explained that during a dispute Mr S was told that any party can dispute a transaction on the account, but Mr S should have been informed that only the account holder who authorised the payment can raise a dispute claim for their transactions.

Lloyds accepted it had made mistakes and apologised for that and credited Mr S and Miss G's account with £20.

Mr S has said that he doesn't feel the apology and £20 offer, was fair, and doesn't feel that it took into account the available balance on the account when he was told a standing order was due to come out. I do appreciate that at the time of the app notification Mr S didn't have the available balance to cover the payment.

I do agree this would've caused some anxiety and unnecessary distress, but considering the overall impact and the offer made on the complaint, I do think the offer of £20 and the apology was a fair way to resolve the complaint.

So I'm not going to be asking Lloyds to do anything more to resolve the 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 Miss G and Mr S to accept or reject my decision before 1 October 2025.

Simon Yates
Ombudsman