

## **The complaint**

Miss K complains Lloyds Bank PLC unfairly closed her account and treated her poorly.

## **What happened**

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

Miss K held a Lloyds account and on 29 April 2025 Lloyds blocked the account and carried out a review. Following this review Lloyds made the decision to close the account – Miss K was provided with 65 days' notice so she could make alternative arrangements. The account was blocked during this time, with Miss K being able to access wages and benefits only.

Miss K raised concerns about the handling of her account, and highlighted the block and closure had a significant impact on her. Miss K says she was unable to attend branch due to her health, and she wasn't given clear information about the account block and closure. Miss K says Lloyds' actions caused her significant distress and inconvenience which she ought to be compensated for.

Lloyds reviewed Miss K's concerns and explained it had reviewed and closed the account in line with the account terms and conditions, and it wasn't under a duty to provide her with a reason for the actions it took. Miss K was informed she could make payments to existing payees over the phone given her health and that its staff had acted appropriately in its dealings with her.

Given her ongoing concerns Miss K referred her complaint to this service. An Investigator reviewed their concerns and in summary, made the following findings:

- Lloyds' regulatory obligations mean it is entitled to carry out reviews of customer accounts. The account block and closure were therefore fair.
- Lloyds doesn't need to provide its reasons to Miss K for closing her account.
- Although Miss K had health issues, Lloyds followed the correct process.

Miss K disagreed with the Investigator's findings and explained that the view was inaccurate as she never attended branch during this time, and she reiterated the impact Lloyds' actions had on her mental health as it caused anxiety and stress. Miss K says Lloyds failed to meet its obligations under the Equality Act and it failed to make reasonable adjustments for her.

The Investigator clarified her position and explained that it's not the role of our service to decide if Lloyds breached the Equality Act. 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.

I appreciate Miss K was disappointed by the investigator's opinion. I'd like to reassure Miss K that I've considered the whole file and what's he's said. But I'll concentrate my comments on what I think is relevant. If I don't mention any specific point, it's not because I failed to take it on board and think about it, but because I don't think I need to comment on it to reach what I think is a fair and reasonable outcome. No discourtesy is intended by me in taking this approach.

I'll start by setting out some context for the review of Miss K'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 K's case I'm satisfied Lloyds was complying with these obligations when it reviewed Miss K's accounts.

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 K, but I'd like to reassure her that I have considered everything that she's told us.

Lloyds has provided details of the evidence it held that prompted its review and block of Miss K's account. I find this evidence to be compelling, and I consider its action to block the account to be fair and necessary in order for it to meet its legal and regulatory duties. The terms of the account held by Miss K allow Lloyds to block the accounts in specific circumstances. Given the information Lloyds has disclosed in confidence, I think its decision to block the account was appropriate. I understand Miss K's frustration with the block, and I don't doubt it would've had a detrimental impact on her. But I consider the block to be necessary to ensure Lloyds was able to comply with its regulatory requirements.

The review carried out whilst the account was blocked led to the ultimate decision to close the account held by Miss K. Part of Miss K's complaint is that she has never been given a clear reason for the closure, and this has added to her anxiety and distress. Lloyds is under no obligation to provide Miss K with its reasons for taking the actions it did, as much as Miss K would like to know. So I won't be directing it to disclose its reasons to Miss K.

I will highlight that Lloyds is 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. As long as they reach their decisions fairly, it doesn't breach law or regulations and is in keeping with the terms and conditions of the account, then this service won't usually intervene. They shouldn't decline to continue to provide banking services without proper reason, for instance of unfair bias or unlawful discrimination. And they must treat new and existing customers fairly. Given the information Lloyds has shared with this service, I am satisfied the decision to close the account was made appropriately.

Miss K was given 65 days' notice, which allowed her to take alternative banking arrangements. During this time Miss K could access wages and benefits in branch. I appreciate this would've caused Miss K concern and it would've caused an expected level of inconvenience. Miss K says she was unable to view her account online, and she missed important payments because of this. The restriction and closure of an account in this manner can have serious consequences, and I understand Miss K used the account regularly. However, based on the evidence I've seen I am satisfied Lloyds was able to take these steps in line with the account terms.

A part of Miss K's complaint is that Lloyds failed to factor in Miss K's health at the time – she was unable to attend branch which made accessing funds impossible. I appreciate that Miss K has detailed her health issues, and I understand this means the impact of the account restriction was more significant for Miss K. I am sorry to learn of the challenges her health presents. Miss K says she called Lloyds many times and she wasn't given the right level of information and support. I can see that during the initial call Miss K made on 14 May 2025 she explained she suffers from severe anxiety and panic attacks – and Miss K was informed she would need to attend branch to appeal the account closure and access funds. Lloyds accepts that the information given to Miss K at this point wasn't correct.

Further calls took place, and I can see that Miss K was informed on 21 May 2025 that she could access the remaining balance without having to attend branch. Lloyds then actioned Miss K's request and the balance was returned to her. I accept this issue could've been handled in a smoother manner by Lloyds, but its response was appropriate once it identified Miss K's individual needs.

Miss K also says she feels discriminated against as Lloyds treated her poorly given her mental health challenges. While I can appreciate this is Miss K's perspective, it is not my role to decide whether discrimination has taken place – only the courts have the power to decide this. I have, however, considered the relevant law in relation to what Miss K has said when deciding what I think is the fair and reasonable outcome. Part of this has meant considering the provisions of The Equality Act 2010 (The Act). And after looking at all the evidence, I've not seen anything to suggest that Lloyds treated Miss K unfairly.

While I appreciate how Lloyds restricting the account and asking Miss K attend branch made Miss K feel, I have to consider if other customers in similar situations would have been treated the same way. Having looked at all the evidence, I haven't seen anything to show that Lloyds would have treated another customer with similar circumstances any differently than Miss K. Based on the information I've seen Lloyds has based its decision on legal and regulatory factors. So, I can't say Lloyds treated Miss K unfairly because of her health issues.

I know this will not be the outcome Miss K 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 K to accept or reject my decision before 26 February 2026.

Chandni Green  
**Ombudsman**