

The complaint

Mr P complains Lloyds Bank PLC (“Lloyds”) closed his account without explanation nor fair notice. Mr P adds that Lloyds’s actions have unfairly impacted his credit file.

To put things right, Mr P wants a detailed explanation, the account reinstated, his credit file repaired - and compensation for the significant distress and inconvenience he’s suffered.

What happened

The details of this complaint are well known by both parties, so I won’t repeat them again here. Instead, I’ll focus on giving my reasons for my 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.

Having done so, I have decided not to uphold this complaint. I’ll explain why.

Banks in the UK, like Lloyds, are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. They are also required to carry out ongoing monitoring of an existing business relationship. That sometimes means banks need to restrict, or in some cases go as far as closing, customers’ accounts.

Lloyds is entitled to close an account just as a customer may close an account with it. But before Lloyds closes an account, it must do so in a way, which complies with the terms and conditions of the account. The terms and conditions of the account, which Lloyds and Mr P had to comply with, say that it could close the account by giving him at least two months’ notice. And in certain circumstances it can close an account immediately or with less notice.

Mr P held his account with Lloyds for around three days before it was closed. Lloyds say that it carried out further checks after the application which led to its decision to close the account. Because of this, I am treating this as an account application being declined.

Lloyds has given me an explanation and provided supporting evidence as to why it closed Mr P’s account in the way it did. Having carefully considered this, I am satisfied that Lloyds acted fairly and reasonably in doing so. I can understand why Mr P wants a detailed explanation, particularly given the personal circumstances he has explained to this service. But Lloyds is under no obligation to do so.

I have also looked into whether Lloyds should have signposted Mr P to its provision of Basic Bank Accounts (BBA). But given Mr P had another account with another provider who also offer BBA’s, I find it didn’t need to do so.

Mr P says his credit file has been adversely affected by Lloyds’ actions here. I have reviewed Mr P’s credit file, and I can’t see anything expressly that Lloyds did to have had the impact Mr P says. It’s possible his account being declined had some impact – but as I’ve said, Lloyds didn’t close the account fairly. And Lloyds has a duty to report accurate

information to credit rating agencies.

There could be a variety of reasons Mr P's credit reference rating went down in the way he says. This is something he may choose to query or look into further with credit reference and fraud marker organisations like CIFAS and Synectics Solutions.

So, in conclusion, I don't find Lloyds did anything wrong in closing Mr P's account in the way it did, and it doesn't need to give him a detailed explanation. As Lloyds did nothing wrong, I see no basis in which to direct it to pay Mr P any compensation for the distress and inconvenience he says he has suffered.

My final decision

For the reasons above, I have decided not to uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 30 December 2025.

Ketan Nagla
Ombudsman