

## **The complaint**

Mr O complains Lloyds Bank PLC unfairly closed his accounts.

## **What happened**

The facts of the complaint are well known to both parties, so I will only provide a summary of the key points.

Mr O held Lloyds accounts and Lloyds reviewed the accounts and applied blocks on 7 February 2025. Following its review, Lloyds removed the blocks on 11 February 2025 and made the decision to immediately close the accounts on 14 February 2025.

Mr O raised a formal complaint with Lloyds on 11 February 2025. Lloyds reviewed his concerns and issued a final response letter on 13 February 2025, and a follow up letter on 20 February 2025. Lloyds explained there had been no error and the accounts had been blocked in line with the account terms and condition, and its legal and regulatory duties. It confirmed Mr O was able to transact on the accounts from 11 February 2025. Lloyds also explained the accounts would close immediately now, as its review was complete, and the account balances would be returned to him.

Mr O referred his complaint to our service as he remained unhappy with how Lloyds handled his accounts and treated him. Mr O provided detailed submissions, and an Investigator gathered the relevant evidence and in summary, made the followings findings:

- Lloyds acted fairly in blocking the accounts as it has legal and regulatory obligations that it must adhere to.
- Lloyds also acted in line with relevant account terms and conditions.
- Lloyds isn't obliged to give Mr O a specific reason for its decision to close the accounts.
- Mr O feels he has been discriminated against, but our service can't decide if the Equality Act has been breached.
- Mr O believes Lloyds has confused his identity with someone else, but the evidence provided shows that Lloyds has acted fairly and no errors have been made.

Mr O remained unhappy and maintained Lloyds had acted unfairly, and he provided a detailed response. Mr O explained:

- Lloyds acting in line with the account terms and conditions is not the legal test our service applies. We ought to consider what is fair and reasonable in light of the individual facts of the case.
- This is a case of mistaken identity, and Mr O has provided evidence to show Lloyds' actions were caused by a false positive in sanctions screening. Mr O says he has provided evidence of this, as he has a different name. patronymic name, date of birth and address.
- Lloyds failed to communicate property and abruptly closed the accounts with no notice, and it failed to engage in communication with Mr O.

In order to remedy matters, Mr O has asked for Lloyds to correct its screening records and remedy any internal group bans linked to this error. Mr O also asks for Lloyds to provide a reasoned explanation to him and letter of good standing to assist with onwards banking, and for compensation to be awarded in light of the distressed caused him.

Mr O has made reference to his children's accounts in his submissions, but this complaint will focus on his holdings alone.

As no agreement could be reached, the complaint has been passed 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 Mr O was disappointed by the Investigator's opinion. I'd like to reassure Mr O that I've considered the whole file and what's he has provided. 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. Our rules allow me to take this approach. It simply reflects the informal nature of our service as a free alternative to the courts.

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

Lloyds has provided submissions to this service 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. Having reviewed this evidence, I am treating this information in confidence, which is a power afforded to me under the Dispute Resolution Rules (DISP), which form part of the Financial Conduct Authority's regulatory handbook. This means I haven't been able to share a lot of detail with Mr O, but this information is key in determining Mr O's complaint. So, I must consider it carefully when making a determination.

Mr O's account terms and conditions also allow Lloyds to block the accounts in specific circumstances. Mr O says his direct debits were cancelled without notice when the accounts were blocked. When an account is restricted in this manner all payments – including direct debits will cease. I understand Mr O's frustration with the block, and I don't doubt it would've had a detrimental impact on him. But I consider the block to be necessary to ensure Lloyds was able to comply with its legal and regulatory requirements. Mr O says relying on the account terms and conditions alone is unfair, as our service should consider the wider circumstances of his complaint. I can assure Mr O that I have looked at the account terms and conditions, alongside Lloyds' legal and regulatory duties as a whole when considering his complaint. Although our approach is to establish what we consider to be fair and reasonable, this is done with due consideration of key factors such as the account terms and businesses wider regulatory duties.

Lloyds' review of Mr O's accounts led to its ultimate decision to close the accounts. I understand Mr O feels this decision was unfair, especially as no notice or explanation was given to him. Ultimately, 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 its regulatory and legal obligations, I'm satisfied Lloyds' decision was made fairly.

The terms and conditions of Mr O's accounts set out that the bank can close the accounts immediately. In this case Mr O's case the accounts were restricted and then Mr O was able to access them for a few days, and then they closed again with immediate effect. For Lloyds to act fairly here they needed to meet the criteria to apply their terms for immediate closure. In my view, I consider the evidence Lloyds held to be sufficient for it to close Mr O's account with immediate effect. I understand this would've had an impact on Mr O, but I consider Lloyds' decision to block and close the accounts appropriate, and I don't think Lloyds ought to compensate Mr O for the issues he says he experienced as a result of its actions.

Mr O says he and his family are long standing and loyal customers of Lloyds and UK citizens. I understand Mr O's sentiment here, but this isn't a factor I would reasonably expect Lloyds to consider. Its internal processes and the application of its legal and regulatory duties will override such considerations. Mr O has also asked for Lloyds to provide him with assistance in obtaining banking elsewhere and has referred a transition period to assist with managing his financial affairs. Lloyds is under no obligation to assist in this way – especially as I consider its decision to review and close the accounts to be appropriate.

A key issue for Mr O is his assertion that Lloyds has taken these actions as it has erroneously linked his account and profile to a different individual who is sanctioned. Mr O says this error is the root of the issues he has experienced, and he has provided evidence to support his position. I've considered Mr O's comments carefully – alongside the evidence he has provided. I must weigh this evidence against the information provided to me by Lloyds. As noted, this information has been provided in confidence, so I am unable to share specific details with Mr O. However, I find Lloyds has followed the proper steps in Mr O's case and taken reasonable measures to ensure the information it is relying on is both accurate and relevant.

Mr O says Lloyds have discriminated against him and the closure is due to his Russian heritage. While I can appreciate this Mr O'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 Mr O 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 Mr O unfairly.

While I appreciate how Lloyds restricting and closing the accounts made Mr O 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 Mr O. Based on the information I've seen Lloyds has based its decision on legal and regulatory factors. So, I can't say Lloyds treated Mr O unfairly because of his Russian background.

I can see in Mr O's submissions to our service he has referred to UK caselaw and regulatory guidance to support his position. I've thought about these submissions, and I must highlight that when reviewing complaints this service considers a wide range of sources – this includes the law, regulatory guidance and good industry practice. I can assure Mr O that our approach to cases of this nature factors in these various sources and issues. Taking all of this into consideration I am satisfied Lloyds has acted appropriately in the specific circumstances of Mr O's case.

Mr O has also raised points about how Lloyds has handled his account and questions whether its actions are in keeping with regulatory and government guidance. It is the role of the Financial Ombudsman Service is to resolve individual complaints and to award redress where appropriate. We do not perform the role of the industry regulator, and it is not our role to comment on how businesses conduct their operations. That's the role of the regulator, the Financial Conduct Authority (FCA). So I've thought about Mr O's comments in relation to his complaint, and I can't say Lloyds has acted contrary to the guidelines in place and his wider concerns aren't something this service can comment on in the detail he would like.

I know this will not be the outcome Mr O was hoping for, and I know he will be disappointed with the decision I've reached. I hope it provides some clarity around why I won't be asking Lloyds to take any further action to compensate Mr O.

### **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 Mr O to accept or reject my decision before 5 March 2026.

Chandni Green  
**Ombudsman**