

The complaint

Mr R complains Lloyds Bank PLC unfairly closed his current accounts and credit card. Mr R is also unhappy Lloyds declined to refund a purchase made on his credit card.

What happened

The background to this complaint is well known to both parties, so I won't repeat it at length here. In summary, Mr R held three accounts and a credit card with Lloyds. In 2023, Lloyds made the decision to end its relationship with Mr R and gave notice it would be closing all of his accounts.

Alongside this, Mr R had raised a claim under Section 75 of The Consumer Credit Act 1974 ("Section 75"), for audio equipment he'd purchased on his Lloyds credit card. Lloyds considered Mr R's claim but didn't agree it was liable to provide a refund.

Unhappy with Lloyds, Mr R raised a complaint about its decision to close his accounts and decline his claim under Section 75.

Lloyds doesn't agree it's done anything wrong. It says the decision to close Mr R's accounts was made in line with its policies and the terms and conditions of Mr R's accounts. In relation to the Section 75 claim, Lloyds said there wasn't sufficient evidence to show it was liable to provide a refund. It however paid £150 across two complaints to apologise for any frustration caused.

Unhappy with Lloyds' response, Mr R referred his concerns to the Financial Ombudsman. One of our Investigators looked into what happened and didn't think Lloyds needed to do anything further. She said Lloyds had acted reasonably in its decision to close his accounts, and she hadn't seen anything to say it had recorded adverse or incorrect information about this with credit reference agencies.

In relation to the Section 75 claim, our Investigator said she didn't think Lloyds had been provided sufficient evidence to demonstrate it was liable to provide a refund. So, she thought Lloyds was reasonable in declining the Section 75 claim.

Mr R disagreed with our Investigator's opinion. He said he'd requested a refund for the faulty audio equipment a number of times, but the merchant had failed to provide this. Mr R also said he'd been provided information by Lloyds for the reasons it had closed his accounts, and it had relied on untruthful information. So, he said the account closures were unfair.

As the matter wasn't resolved, the complaint has been passed 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've given consideration to the relevant rules and regulations applicable to this complaint and while I may not comment on everything (only what I consider is key) this is not meant as a discourtesy to either party, rather reflects the informal nature of our service.

Section 75 claim

I've started by reviewing Mr R's concerns in relation to the claim he raised under Section 75. Section 75, says that, in certain circumstances, if Mr R paid for goods or services, in part or wholly on his Lloyds credit card, and there was a breach of contract or misrepresentation by the merchant, Lloyds can be held jointly responsible.

There are conditions that need to be met for Section 75 to apply. One of these is that there needs to be a 'debtor-creditor-supplier' (DCS) agreement in place between the parties to the transaction. Another is that the item purchased must fall within set financial limits. I'm satisfied these have been met for Mr R's claim.

Was there a misrepresentation or breach of contract?

To say there had been a misrepresentation, I'd need to be satisfied that a false statement of fact induced Mr R to enter the contract.

Taking on board Mr R's concerns, I haven't been made aware of any false statement that he says induced him to enter the contract. While I appreciate Mr R raised questions about the audio equipment having been repackaged before being delivered to him, I haven't seen anything that would amount to a misrepresentation by the merchant. Rather Mr R's concerns about the quality of the audio equipment and the merchant's failure to provide a refund, would be more appropriate to consider as an alleged breach of contract.

In considering whether there's evidence of a breach of contract, I need to think about what the courts may say, were Mr R to make a 'like claim' against Lloyds.

Mr R raised his claim on the basis he'd purchased audio equipment from a merchant which I'll call "T", which developed a fault. Mr R says he wanted to return the faulty unit and receive a refund, which T failed to provide. Mr R says the failure to provide a refund amounts to a breach of contract, which Lloyds is jointly liable for.

The Consumer Rights Act 2015 (CRA), which is relevant legislation to Mr R's complaint, implies terms into his contract with T, that under a goods contract, the goods supplied must be of a satisfactory quality. If they aren't, Mr R is entitled to certain remedies as set out in the CRA, such as a repair, replacement or refund.

When T inspected the audio equipment it agreed there was a fault and sent Mr R a replacement unit. Mr R however was unhappy with this, saying he'd prefer a refund, so raised his claim with Lloyds.

Lloyds consequently contacted T to understand its version of events, as it can be held jointly liable for certain actions of T. In its response, T said that having received the audio equipment and carried out an initial test, it had accepted there had been a problem. However, T said, it had then sent the equipment to its approved repairer, who had stated that the unit wasn't the one T had sold to Mr R.

So, on this basis T didn't agree it was liable to provide Mr R a refund, as he hadn't returned the original unit, so hadn't demonstrated that there was a fault with the unit it had sold. Alongside this, T said it had also provided Mr R a second unit, which I understand he still has possession of.

Based on this, Lloyds was provided with two version of events, Mr R's that the original unit was faulty and he'd returned it and hadn't been provided a refund, rather had been sent a replacement. And T's that Mr R in fact hadn't returned the unit, so there was nothing to demonstrate if the unit it had sold had a fault. Alongside this, it said it had sent Mr R a second unit.

In this decision, I'm only able to consider the actions of Lloyds, it's not for me to comment on other parties such as T. But in the circumstances, having been presented two version of events, Lloyds asked Mr R if he had further evidence to demonstrate he'd returned the item he'd order from T. I think this was a reasonable request for Lloyds to make, as the starting position of any Section 75 claim is that the consumer must demonstrate that the goods they've ordered are faulty or not working as expected.

I appreciate Mr R has provided photos of the unit he says he sent back to T, but considering what a court might say were it to consider the dispute, I don't find Lloyds was unreasonable in concluding it didn't have sufficient evidence to demonstrate that there had been a breach of contract with the audio equipment he'd ordered. I realise Mr R strongly disputes T's version of events, however as Mr R is making a claim under Section 75 to hold Lloyds jointly liable, in the first instance he'd need to demonstrate there was a fault with the unit and that this had been returned to T, and I think Lloyds is reasonable in saying the evidence doesn't conclusively demonstrate this.

I say this as I don't think Lloyds has been provided clear evidence that the audio equipment Mr R ordered from T had developed a fault and that this is the equipment he'd returned to T.

I appreciate there was also discussion between our Investigator and Mr R about his emails with T. Our Investigator explained that Mr R's wording in that email that said, "that's fine", when T offered to inspect the audio equipment, in effect removed Mr R's rights to later request a refund. However, I haven't found it necessary to consider this point in further detail, as for the reasons explained above, considering the liabilities of Lloyds, I think it was reasonable in asking for further evidence to consider the claim. And without this, I haven't found Lloyds made an error in declining to provide Mr R a refund as I don't think a breach of contract by T has been demonstrated. So, I don't find further consideration of what "that's fine" related to, would change the outcome here.

My understanding is Lloyds paid Mr R two payments of £75 to apologise for any frustration caused during his Section 75 claim. While I appreciate being asked for further evidence and the process of needing to raise a dispute can be inconvenient as I'm satisfied Lloyds gave fair consideration to Mr R's request for a refund, I don't find it must pay any further compensation.

Account closure

I've then gone on to consider Mr R's concerns about the closure of his accounts with Lloyds. I appreciate it would have been concerning to Mr R to be informed that his current accounts and credit card with Lloyds were being closed.

The terms of each account set out that Lloyds can close any account, without reason as long as it gives reasonable notice, which is what it did here. I appreciate Mr R was abroad at the time some of the notifications were sent, but I've found Lloyds communicated with Mr R in the same way it would its other customers, so I don't find it made an error here.

I appreciate Mr R is unhappy about the reasons he's been given, or not given for his accounts being closed, alongside the appeals processes.

In relation to Lloyds' rationale for closing Mr R's accounts, it isn't required to provide its reasoning behind this, however I understand this was discussed with Mr R. Mr R is concerned Lloyds lied about the reasons, having obtained further information from the bank.

Lloyds has provided our Service with more information, in confidence on why is made the decision to close Mr R's accounts. Having taken this into consideration, while I appreciate this doesn't change the fact Mr R's accounts have been closed, I hope it comes of some reassurance to Mr R to know that as an independent party, I've reviewed Lloyds' reasons and find its decisions reasonable, in that Lloyds has made this decision in line with its internal policies.

I can understand it would be frustrating to be told by Lloyds that it's possible to appeal the closure decision, to then be told the answer remains the same. I don't however find this means Lloyds did something wrong. I wouldn't expect Lloyds to know the outcome of any appeal until it's raised. So, while the decision to close the accounts didn't change, I think it was reasonable that Lloyds made Mr R aware he had the right to appeal this decision.

In relation to the information Mr R was told over the phone and the further information he obtained through a Data Subject Access Request, while I appreciate Mr R, may consider this to be conflicting, I haven't found it to be the case. I can confirm the reasons Mr R was given over the phone were factors in Lloyds' decision to close his accounts.

I note that Mr R has also raised concerns that Lloyds recorded adverse information about its decision to close his accounts, which may impact him ability to opening accounts with other banks or obtain borrowing from other lenders. Lloyds has confirmed that it hasn't recorded any adverse information on Mr R's credit file, and I haven't seen anything to suggest that it has, so I haven't found Lloyds has done anything wrong on this point.

In conclusion, while I appreciate this answer will come as a disappointment to Mr R, I won't be directing Lloyds to do anything further. I find it was reasonable in concluding it wasn't liable to provide a refund for the audio equipment under Section 75, based on the evidence it had been provided. And while I appreciate Mr R will have been distressed to find out his accounts were being closed, I think these were decisions Lloyds was entitled to make.

My final decision

For the reasons I've explained above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 24 February 2026.

Christopher Convery
Ombudsman