

The complaint

Mrs B complains Lloyds Bank PLC unfairly closed her accounts and provided her with poor service.

What happened

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

Mrs B held multiple accounts with Lloyds. Following a review Lloyds made the decision to close Mrs B's accounts in early April 2025. It provided Mrs B with 65 days' notice so alternative arrangements could be made.

Mrs B queried the decision made by Lloyds – and attended branch to appeal the decision. Mrs B says the service received in branch was poor – she wasn't able to discuss her accounts in a private room and was told to apply for accounts elsewhere. Mrs B says she had an overdraft in place and Lloyds demanded it be repaid immediately which caused her financial hardship and distress.

Lloyds reviewed Mrs B's concerns and in its final response letter dated 19 June 2025 it explained it had made the decision to close Mrs B's account in line with account terms and conditions. Lloyds confirmed it had considered Mrs B's appeal, but it would not be changing its decision, and it would switch her account to another provider. It also explained if Mrs B couldn't repay the overdraft, she could contact the relevant team to discuss further.

Mrs B remained unhappy and referred her complaint to this service. Mrs B asked that our service direct Lloyds to reverse its decision to close her accounts or provide a clear explanation for its decision. Mrs B also asked for her credit card balance to be cleared as compensation. An Investigator reviewed the complaint and in summary, made the following findings:

- Lloyds is able to close Mrs B's accounts in line with the relevant account terms and its regulatory and legal obligations.
- Lloyds hasn't made an error in its decision to close Mrs B's accounts.
- Overdrafts are repayable on demand and Lloyds was entitled to ask for its repayment immediately.
- A private room to discuss her accounts would be dependent on branch availability.
- The matter would've been upsetting for Mrs B but there isn't evidence to show Lloyds mistreated her.
- Mrs B says she was never told the outcome of her appeal, but Lloyds wasn't required to write to Mrs B about this.
- Mrs B chose to attend branch to discuss matters, but this wasn't always necessary and it isn't something Lloyds ought to compensate her for.

Mrs B disagreed with the Investigator's review and maintained Lloyds had treated her unfairly and ought to compensate her. As no agreement could be reached, the complaint was referred to 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.

Firstly, I am sorry to see Mrs B has had cause for complaint and the impact the account closures have had on her. I understand this is a difficult time for her, especially as her husband is unwell and out of work. I appreciate Mrs B was disappointed by the Investigator's opinion. I'd like to reassure Mrs B that I've considered the whole file and what's she'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. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

Having looked at the complaint fully, my review of the evidence has led me to the same overall conclusions as the Investigator previously set out and for much the same reasons. I will explain why.

Account closures

Lloyds is strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. They can broadly be summarised as a responsibility to protect persons from financial harm, and to prevent and detect financial crime. They're also required to carry out ongoing monitoring of new and existing relationships.

In Mrs B's case Lloyds carried out a review, in line with the account terms and these responsibilities. This review led to its ultimate decision to close Mrs B's accounts. Based on the evidence I've seen, I am satisfied Lloyds acted fairly in reviewing and then closing Mrs B's accounts.

I say this as Lloyds has explained and given me information to show the process it went through when reviewing the accounts and the factors it considered before making the decision to close the accounts. Having carefully considered this, I'm satisfied Lloyds took these actions in line with the obligations it must adhere to, and it wasn't a decision that was taken lightly. In addition, 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 Mrs B's accounts set out that the bank can close the accounts by providing 65 days' notice. Lloyds says it provided Mrs B with the full notice period so she could make alternative arrangements, and I can see Mrs B was in touch with Lloyds and a successful account switch was actioned by her in late May 2025.

I know Mrs B feels Lloyds has acted unfairly given the lack of information provided to her about the closure. Ultimately Mrs B would like a detailed explanation as to why Lloyds took these actions. But Lloyds isn't under any obligation to provide this. Further the fact Mrs B is a long-standing customer isn't a factor Lloyds can be reasonably expected to take into consideration when deciding to close an account. It's regulatory duties and terms of the account are the overriding considerations.

I would add too that our rules allow us to receive evidence in confidence. We may treat evidence from regulated businesses' 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 we consider should be kept confidential. Having carefully considered this information, I'm satisfied Lloyds acted appropriately and in keeping with its regulatory duties.

Mrs B says Lloyds' decision to close her accounts caused her significant distress and inconvenience. I do appreciate this matter would've caused Mrs B difficulty, as she appears to have used the accounts regularly. The decision to close a bank account can't be taken lightly given the impact it can have on a customer. Based on the information I've seen from Lloyds I think its decision to close the accounts was reasonable.

Overdraft

At the time Mrs B's accounts were due to close she had an overdraft in place. Mrs B says Lloyds' expectation that she repay this immediately was unfair. An overdraft is a discretionary facility. The terms of Mrs B's account also say Lloyds can demand repayment of the overdraft at any time. So I don't think it was unfair for Lloyds to ask for the debt to be cleared.

I appreciate this was an unexpected financial request on Mrs B. I would expect Lloyds to work with Mrs B to ensure the debt was managed effectively and in line with its consumer credit duties. Lloyds directed Mrs B to the relevant team should she need assistance with repayment, and I consider this to be appropriate sign posting. I can see Mrs B also had a credit card balance, and she is paying off the balance. Lloyds decision to its relationship with Mrs B would've caused an inevitable level of distress and inconvenience, but I don't consider Lloyds actions to be unfair or for compensation to be necessary.

Customer service and branch visits

A key issue for Mrs B is the service she received from Lloyds, particularly when she attended branch to appeal Lloyds' decision. Mrs B says the staff were unhelpful and didn't explain matters clearly to her – this was a distressing time and she was upset, and the staff failed to assist. Mrs B wanted a private room to discuss matters, but this wasn't provided and she had to discuss matters in public. Mrs B says this matter caused her significant distress.

I understand Mrs B found the branch visit difficult, and I am sorry to learn of the upset she experienced. I can't be certain of how events unfolded in branch. So I've thought carefully about Mrs B's comments in light of the available evidence. When Mrs B attended branch she wanted a private room to discuss matters – this wasn't available. I appreciate Mrs B request for privacy, but Lloyds says this wasn't an option at the time due to operational constraints. Given Lloyds had no prior notice of Mrs B wanting a private room, it didn't have the opportunity to try and arrange one for Mrs B. So I don't think it deliberately treated Mrs B unfairly here.

Mrs B was given the opportunity to make an appointment, and although this took time, I can see Mrs B was able to fully discuss her concerns with staff. Mrs B appealed the decision to close her accounts. This was recorded by Lloyds – but Mrs B says she never received a response. I appreciate Mrs B's frustration here, but I can't see that Lloyds said it would write to her with a response. After Mrs B raised concerns with her MP and made a formal complaint Mrs B was informed the decision to end its relationship with her wouldn't be changed. I do think this could've been made clear to Mrs B sooner. Mrs B says she attended branch regularly and no update was given – but as the review of her accounts was conducted centrally, the information branch staff held would've been limited.

Overall, I appreciate this was an upsetting and distressing time for Mrs B, and I am sorry to see the impact Lloyds' decision had on her. Having considered all the available evidence

and the wider circumstances of this complaint I don't consider compensation for Mrs B to be necessary or appropriate.

I know this will not be the outcome Mrs B was hoping for, and I know she 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 Mrs B.

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 Mrs B to accept or reject my decision before 19 March 2026.

Chandni Green
Ombudsman