

complaint

L, a limited company, complains that Lloyds Bank PLC closed its account without notice and registered a CIFAS marker against the account.

background

Mr A is the director of the company and has brought the complaint on behalf of L. Following a review of the account, Lloyds sent an account closure letter to L on 18 December 2018. This gave 60 days notice that the account would be closed in line with its terms and conditions. A CIFAS marker was recorded but following a complaint from L, this was removed on 18 January 2019. Lloyds accepts it made an error and that it shouldn't have registered the CIFAS marker. It offered £500 compensation for any inconvenience suffered as a result of the marker being on the account for approximately one month.

Mr A says there was a block on all his personal and business UK accounts due to Lloyd's error, his credit rating was affected, and he was unable to open any new accounts. Lloyds say that as the indicator has been removed, Mr A would be able to apply to open other accounts on behalf of L. Mr A remained unhappy with the response from Lloyds and brought his complaint to us.

Our investigator looked into the complaint and didn't think Lloyds had done anything wrong in relation to the account closure. She found that the error in registering the CIFAS marker was put right quickly and thought £500 compensation was reasonable as the marker was only registered for a month.

Mr A didn't agree and said this matter has caused him a great deal of stress. And so the complaint has been passed to me for a decision.

my findings

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 don't think the complaint should be upheld. I'll explain why.

It isn't unusual for banks to review accounts and decide who to continue offering facilities to – this is a decision which banks are entitled to make. I appreciate Mr A is unhappy with the bank's decision but the bank has acted in line with its terms and conditions and gave enough notice before closing the account.

Mr A says we haven't considered the impact on him but I can only consider the inconvenience caused to the business as the complaint can only be brought on behalf of L. I can't consider Mr A's personal bank accounts in my decision.

Mr A says he was refused banking facilities elsewhere but I haven't seen any evidence which suggests that Lloyds actions following the removal of the CIFAS marker, caused any problems for L.

It's unfortunate that the bank registered a CIFAS marker incorrectly but it confirmed that this was removed in January 2019 and so following this date, this shouldn't have impacted L's ability to get another account.

Lloyds offered £500 compensation for any inconvenience caused as a result of the error. I consider £500 is reasonable for the time the marker remained against the account. And so I'm not asking Lloyds to do anything further.

my final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask L to accept or reject my decision before 29 December 2019.

Shamaila Hussain
Ombudsman