

The complaint

Ms O and Mr S complain Lloyds Bank PLC discriminated against them by making their joint account dormant despite payments being credited to their account.

What happened

Mr S tried to log in online to view his joint account with Lloyds, but on doing so he found the access to the joint account suspended with a message saying it had been inactive for over three years and it had become dormant. Ms O and Mr S said they received no letters from Lloyds prior to the account being made dormant. Mr S rang Lloyds who told him they would both need to visit a branch of Lloyds with documents. Ms O and Mr S say this is not possible due to the bank opening times. They say the account had been receiving regular payments and it had been accessed online at various times, so it shouldn't be considered dormant. Ms O and Mr S made a complaint to Lloyds, and they also have concerns over Lloyds handling of their complaint.

Lloyds did not uphold Ms O and Mr S' complaint. They said they sent mailings to the address held dated 3 August 2019 and 3 August 2021 to notify them that their joint account was going into dormancy due to the inactivity for in excess of a three year period. Lloyds said credits have been received into the account via Bank Giro Credit, however, as Ms O and Mr S have not initiated any transactions such as transfers, debit card payments etc for at least a three year period the account is active, but it is currently blocked due to dormancy. Lloyds said The Dormant Bank and Building Society Accounts Act 2008 is not relevant to the circumstances here as this refers how banks and building societies are able to use unclaimed funds if they remain unclaimed for 15 years or more. Ms O and Mr S brought their complaint to our service.

Our investigator did not uphold Ms O and Mr S' complaint. He said it was Lloyds policy to mark accounts for dormancy if no customer initiated transactions took place after a three year period. The account was last transacted on in April 2016, therefore, the account was eligible for dormancy. He said Lloyds also took the correct steps to inform Ms O and Mr S of the account dormancy.

Ms O and Mr S asked for an ombudsman to review their complaint. They made a number of points. In summary, they questioned whether the Dormant Bank and Building Society Accounts Act 2008 was relevant for this complaint, they would have expected to at least see a draft of Lloyds' standard letter to inform a customer about impending dormancy. They said that if the letter described the process for placing an account into dormancy or to advise new terms were applicable then Lloyds should have made every effort to make sure they received that

Information, including contacting them by phone and email. Ms O and Mr S mentioned other banks definitions of words they used, and they could not find the specific terms in Lloyds' terms and conditions regarding wording that they used such as active and dormancy.

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'm aware that I've only summarised Ms O and Mr S' complaint points. And I'm not going to respond to every single point made by them. No discourtesy is intended by this. Our rules allow me to take this approach. It simply reflects the informal nature of our service as a free alternative to the courts. If there's something I haven't mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point to be able to reach what I think is a fair outcome.

I'd like to explain to Ms O and Mr S that it is not within this service's remit to tell a business how to run their own dormancy processes or procedures such as how they identify these accounts, when they communicate to customers regarding this or by which channel (such as post, phone or email etc) that this should be communicated to their customers, or the specific wording they use in their communications to customers. It would be the role of the regulator – the Financial Conduct Authority (FCA), who have the power to instruct Lloyds to make changes to their policies and procedures, if necessary.

Ms O and Mr S have mentioned about how Lloyds handled their complaint. But the issues they've raised that relate directly to how Lloyds have investigated their complaint, such as the contents of their final response letter and whether the response is signed by the complaint handler or not does not come under my powers to consider.

I'd like to confirm to Ms O and Mr S that the Dormant Bank and Building Society Accounts Act 2008 is not relevant to this complaint. This is because this Act relates to accounts that have been inactive for 15 years or more to be distributed for community benefit, while allowing customers to reclaim their money. Under this scheme, they may transfer balances of dormant accounts to a not for profit reclaim fund which is authorised and regulated by the FCA. So this is why this is not relevant here as the criteria has not been met to transfer Ms O and Mr S' balance to a not for profit reclaim fund.

I can see from Lloyds system notes which are date stamped that they sent two letters to Ms O and Mr S. The system notes show these were sent on 3 August 2019 and 3 August 2021. As these were sent centrally outside of their dormancy team, Lloyds have been unable to provide us with these letters or templates of these letters. But I can see from the system notes at the time that a letter was sent regarding their dormancy programme as the account had been inactive in excess of three years.

So I am persuaded that Lloyds did send post to Ms O and Mr S informing them that their account would become dormant if they didn't take specific action. I have cross referenced the address on their statements from 2017 onwards and this displays the same address as what Ms O and Mr S told our service their address was. So I'm satisfied these letters were sent to the correct address. But I would be unable to hold Lloyds responsible for any errors with the postal system as they would not be directly responsible for this.

I've considered what Ms O and Mr S has said about the wording used and this not being detailed in Lloyds terms and conditions. But a business would not be required to detail every single internal policy they have within their terms and conditions. I know Ms O and Mr S have mentioned how other banks deal with dormancy, but here, I can only look into the actions of Lloyds.

I have been provided with Lloyds internal dormancy procedure. This confirms amongst the criteria for an account to become dormant *"There have been no customer-initiated*

transactions for a minimum of three years, except for ISA accounts which are 10 years". The account in question was not an Individual Savings Account (ISA), so it would be covered by the three year criteria. I know that Ms O and Mr S believe the regular credits into the account should mean that the account shouldn't have been made dormant, however, I'm not persuaded that this would be considered customer initiated.

I say this because the internal dormancy procedures show a customer could only avoid the account becoming dormant by "*Transacting on the account by way of withdrawal/deposit*" (or they could ring the dormant account inbound line with the details provided on their letter, but only before the date of the account becoming dormant). This was an automated payment which was crediting their account. And I'm not persuaded that logging into online banking would count as a customer initiated transaction.

Ms O and Mr S say they feel Lloyds has discriminated against them given the problems they've experienced. I can understand why Ms O and Mr S feel they've been treated differently. I say this because Mr S has told us there is another account he holds which would meet Lloyds criteria of dormancy, and they haven't made that account dormant. Lloyds have admitted this has been overlooked by their Dormancy department, but I'm not persuaded this means that Lloyds have treated Ms O and Mr S unfairly by making their joint account dormant when Ms O and Mr S didn't take the actions to prevent the account being dormant which they would have set out in the letters they sent them.

Based on Lloyds' internal criteria, I'm satisfied they would have taken the same actions they did on this account if it was a joint account held by two of their other customers, and regardless of the balance of the account as their internal criteria does not show a minimum or maximum balance for the account to be dormant. So I'm not persuaded that Lloyds have acted unfairly or unreasonably here. Mr S may wish to make a deposit or withdrawal on his sole account to avoid what happened on his joint account. Lloyds have set out in their final response how the dormancy can be removed. While I'm aware that this is not practical for Ms O and Mr S to go into the branch together with their identification, I'm unable to ask Lloyds to change their security policies when this is their procedure. So it follows I don't require Lloyds to do anything further.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms O and Mr S to accept or reject my decision before 16 October 2023.

Gregory Sloanes
Ombudsman