

## **The complaint**

Mr G complains that Lloyds Bank PLC unfairly closed his account. He also says Lloyds didn't release all the money held in the account back to him and handled an international payment poorly. He says this caused him financial problems and he wants compensation.

## **What happened**

Mr G had a business current account with Lloyds.

In June 2022, Mr G made two international payments of just over £21,000 and £20,000 from his account to an associate in Africa. Mr G says that after he made the payments' he asked Lloyds to recall them as his associate had become ill and wasn't able to access the funds.

Lloyds followed Mr G's instructions and recalled the payments. But due to delays on the part of the receiving bank the payments weren't returned to Mr G's account until late June and July 2022. Mr G complained about the amount of time this had taken, but Lloyds said it hadn't done anything wrong and had needed information from the overseas bank before it could return the money to Mr G, which it said it had done as soon as it was able to do so.

In July 2022, Lloyds reviewed Mr G's account after two credits of £7,993 and £5,993 were paid into the account. Whilst it completed its review Lloyds blocked the account – which meant Mr G couldn't access any money in the account other than any wages or pension payments. During its review Lloyds asked Mr G to provide information about the two credits.

In response, Mr G called Lloyds said that the money was payment from a customer who had bought goods from him. But he couldn't provide any evidence to support his explanation and didn't elaborate about what exactly what goods had been sold. During the call due to a technical issue at Lloyds end the call was disconnected. The call handler wasn't able to call Mr G back but left a note on Mr G's account about what had been discussed.

Whilst Lloyds were completing its review of Mr G's account, it received a fraud report from another bank which identified the two July 2022 payments as fraudulent. That is the holder of the account had been the victim of scam and hadn't authorised the payments.

Lloyds continued to block Mr G's account whilst it reviewed the information, he had provided about why he had received the payments and the reports from the other bank regarding the fraud. Lloyds completed its review and decided to close Mr G's account and returned the fraudulent funds back to the sending bank. Lloyds released Mr G's closing balance, which included the £20,000 recalled payment back to him in August 2022.

Mr G complained to Lloyds about the restriction on his account and the bank not returning the money he had received in July 2022 back to him. He also complained that the recalled payments took too long to go back into his account. And he was cut off during a call. In response, Lloyds apologised for the call being disconnected and explained that this was due to a technical issue. Lloyds said it hadn't done anything wrong and had acted in line with the

terms of the account and relevant regulations when it had blocked, closed, and returned the funds to source.

Mr G wasn't happy with the bank's response and brought his complaint to us. He wants Lloyds to return the money it sent back to him, reopen his account, and pay compensation for the trouble and upset he says he has been caused.

One of our investigators reviewed the complaint. He thought Lloyds hadn't done anything wrong when it blocked and closed Mr G's account. He said they'd acted in line with their legal and regulatory obligations. And that it hadn't taken too long to complete its review of his account. He also said Lloyds hadn't done anything wrong in sending the two fraudulent payments back to source and when it had returned the recalled payments to Mr G's account.

Lloyds accepted what the investigator said. Mr G disagreed. He said Lloyds had accused him of fraud without providing any evidence and he wants the money that was paid into his account returned to him. He says when he was telling Lloyds about the two payments the advisor just hung up on him and didn't explain why his account was being closed. He also says that Lloyds took too long to recall the international payments.

As no agreement could be reached the complaint has come 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'll deal first with the block of Mr G's account. As the investigator has already explained, Lloyds has extensive legal and regulatory responsibilities they must meet when providing account services to customers. They can broadly be summarised as a responsibility to protect persons from financial harm, and to prevent and detect financial crime. To fulfil these obligations Lloyds may need to review activity taking place on accounts and ask customers for information, for example about payments, and information about the individuals operating the accounts – it's entitled and obliged to carry out such checks. The terms of Mr G's account also permit Lloyds to review an account and ask its customers for information.

Fraud is a serious matter, and one way financial businesses and banks can help to tackle fraudulent payments is by restricting accounts when allegedly fraudulent payments are received into them. And that's what happened here. I should also add that Lloyds is not required to prove beyond reasonable doubt that Mr G is guilty of a fraud or financial crime before it decided to block his account and carry out a review.

Having looked at all the evidence, I don't believe it was unreasonable in the circumstances for Lloyds to block Mr G's account. Lloyds has explained that this was its standard procedure, and I accept that it was. I'm satisfied that in doing so Lloyds were complying with its legal and regulatory obligations. And it enabled Lloyds to consider how best to react to the information it had received from the sending bank about the money that had been paid into Mr G's account. So, whilst I accept, the bank's actions caused Mr G inconvenience and upset when it decided to block his account and asked him to provide information, I can't say the bank did anything wrong and treated him unfairly in doing so.

From looking at the evidence, I'm also satisfied that Lloyds was proactive in completing its review from the time it blocked Mr G's account. Lloyds spoke to Mr G about the payments and gave him an opportunity to explain his entitlement to the funds and completed its review in a timely manner. So, I can't say Lloyds has treated him unfairly.

Mr G says that Lloyds shouldn't have sent the two payments back. So, he says the bank still owes him this money. I've looked at the information Lloyds has provided regarding the money that was paid into Mr G's account which confirmed the payments as fraudulent. I've also looked at what Mr G told Lloyds about the money and noted that Mr G didn't provide anything to show he was entitled to the money. Lloyds sent the funds back to source. This ensures the funds are sent back to the correct person. Based on the evidence I've seen I agree that this was the right action in the circumstances. So, I can't say Lloyds has treated Mr G unfairly in doing so and I won't be asking Lloyds to refund this money to him.

Mr G has said that when he spoke to Lloyds about the payments, the call handler hung up on him. I've not seen any evidence that the call handler deliberately disconnected the call. Lloyds has explained that the call handler had some technical issues during the call which meant the call was disconnected and they were unable to call Mr G back. Lloyds has apologised for any upset and inconvenience this caused Mr G. I think this is a fair and reasonable way to resolve this aspect of Mr G's complaint, so I won't be asking Lloyds to do anything more. In reaching this conclusion, I've kept in mind that the call handler updated Mr G's record about their conversation, so that if Mr G called back, all the information was to hand and he wouldn't have to repeat himself, which I think is reasonable.

I've next gone on to consider whether Lloyds treated Mr G fairly in the way it handled his request to recall the two international payments he made in June 2022. Having looked at all the information, I'm satisfied that Lloyds didn't cause any delays, the bank acted on Mr G's instructions', and it seems that the delays which occurred were out of Lloyds control – it was waiting on information from the receiving bank. So, it wouldn't be fair of me to hold Lloyds responsible for the actions of another bank.

Finally, I've considered whether Lloyds acted fairly when it closed Mr G's account. It's generally for banks and financial businesses to decide whether or not they want to provide, or to continue to provide, banking facilities to any particular customer. Unless there's a very good reason to do so, this service won't usually say that a bank must keep customer or require it to compensate a customer who has had their account closed.

Lloyds have relied on the terms and conditions of Mr G's account in closing the account. The terms and conditions outline that Lloyds can close a customer's account with two months' notice, and in certain circumstances they can close an account immediately. In this case, Lloyds blocked Mr G's account, and then closed it. So, I consider Lloyds closed Mr G's account immediately, since he wasn't able to use the account following the block.

For Lloyds to act fairly here they needed to meet the criteria to apply their terms for immediate closure – and having looked at these terms and all the evidence I'm satisfied that Lloyds did. So, it was entitled to close the account as it's already done and end its relationship with Mr G.

In summary, I realise Mr G will be disappointed by my decision. But having looked at all the evidence and circumstances of this complaint, I can't conclude that Lloyds have treated Mr G unfairly. So, I won't be telling Lloyds to do anything to resolve Mr G's complaint.

### **My final decision**

For the reasons I've explained, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 10 January 2024.

Sharon Kerrison  
**Ombudsman**