

## **The complaint**

Miss B complains Lloyds Bank PLC (“Lloyds”) restricted and then closed her accounts without explanation causing her substantive distress and inconvenience.

## **What happened**

In March 2022, following an internal review, Lloyds restricted Miss B’s accounts and sent her notice it would be closing them in two months’ time.

Miss B was told no payments could be made from the account, which included her standing orders and direct debits during the time of the restriction. But Miss B could withdraw funds from a Lloyds branch and pay funds into her account before they were closed.

Miss B was able to withdraw money from the accounts from a Lloyds branch. But Miss B says on one occasion she was told erroneously in one of the branches to travel to another. Unhappy with Lloyds’ actions, Miss B complained.

Lloyds didn’t uphold Miss B’s complaint saying its terms allow it to close the accounts without explanation. In a later response, Lloyds awarded Miss B £50 compensation for being told incorrectly she would need to travel to another branch to withdraw her money.

Miss B referred her complaint to this service. One of our Investigators looked into the complaint, and in summary they found:

- Lloyds acted in line with its terms and conditions, and wider obligations when restricting and closing Miss B’s accounts
- Miss B was able to withdraw funds from the account shortly after, so there wasn’t any inconvenience caused in terms of accessing the funds
- They appreciated Miss B had to go to a branch to withdraw funds, but that’s what Lloyds would be expected to do if restricting and closing an account in this way
- No evidence of a parking fine has been given by Miss B, so they’re unable to say Lloyds should refund this

Miss B did not agree with what our Investigator said and asked for an ombudsman to decide her complaint. The deadline for further responses from both Miss B and Lloyds has now passed. It follows Miss B’s complaint has now 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.

Having done so, I’ve decided not to uphold this complaint. I know this will disappoint Miss B, so I’ll explain why.

Banks in the UK, like Lloyds, are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. They are also required to carry out ongoing monitoring of an existing business relationship. That sometimes means banks need to restrict, or in some cases go as far as closing, customers' accounts.

Having seen Lloyds' reasons for placing restrictions on Miss B's accounts, I'm satisfied it's done so in line with the obligations it must follow - and has done so fairly.

Lloyds is entitled to close an account just as a customer may close an account with it. But before a 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 the account, which Lloyds and Miss B had to comply with, say that it could close the account by giving them at least two months' notice. And in certain circumstances it can close an account immediately or with less notice – the reasons given for this are if Lloyds reasonably think:

- *there is illegal or fraudulent activity on or connected to the account;*
- *you [customer] are or may be behaving improperly (for example in a threatening or abusive way);*
- *by continuing the agreement we (or any other company in the Lloyds Banking Group) may be exposed to action from any government, regulator or other authority or may break a regulatory requirement; or*
- *you [customer] have seriously or repeatedly broken this agreement in any other way*

Having carefully considered the above, and Lloyds' other terms of account, I'm satisfied it's acted fairly and applied the terms of the account properly in both restricting and closing the accounts in the way it has.

I know Miss B would like an explanation, but neither I, nor Lloyds are under any obligation, that I'm aware of, to do so. I would add too that our rules allow us to receive evidence in confidence. We may treat evidence from banks as confidential for several 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.

Miss B says this matter has caused her substantive distress and inconvenience, and financial loss by incurring charges for failed regular payments like direct debits.

I do appreciate Lloyds' actions would've caused Miss B some difficulty. But having looked at what's happened in this particular case, I can see no basis on which I might make an award against Lloyds given that I don't think it failed to properly follow its own procedures when it closed Miss B's accounts.

So I'm not going to ask Lloyds to compensate Miss B for any trouble and upset this may have caused. Nor will I be asking it to compensate Miss B for any financial loss for missed payment charges or a parking fine. That's because I haven't seen any evidence of such loss, and I think by giving Miss B access to her funds pretty much straight after the restrictions were placed, she would've been able to make regular payment commitments in alternative ways.

Miss B was also responsible for parking her car responsibly, and I don't think Lloyds did anything wrong by asking her to withdraw funds in branch. Lastly, I note Lloyds gave Miss B £50 for poor customer service given she was told in error to go from one branch to another. I don't think it needs to do anymore.

### **My final decision**

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 31 August 2023.

Ketan Nagla

**Ombudsman**