

The complaint

R, a charity, complains that Lloyds Bank PLC unfairly closed its account and later made it difficult for R to open a new account with the bank.

R is represented by one of its trustees, who I'll refer to as "Mr F" – for ease, I'll continue to refer to Mr F as the complainant. Any reference to Mr F includes all trustees of R.

What happened

Mr F complained to Lloyds after his account was closed. Lloyds told him it had sent a letter asking for more information about the charity and later closed the account because Mr F hadn't replied. Although Mr F says no letters were received, Lloyds says it acted in accordance with its terms.

Following this, Mr F decided to open a new account and is unhappy that Lloyds asked him to provide, what he thinks was, unreasonable information. Mr F is particularly dissatisfied that the bank asked that he provide a letter from his solicitor or accountant., despite him having already sent the records the bank initially requested. Mr F wants to be compensated and for Lloyds to open his new account. Mr F adds that Lloyds caused a significant amount of distress and inconvenience, caused the charity to lose out on donations and that he had to fund the charity via his personal account.

Unhappy with the bank's response, Mr F asked this service to get involved. Our investigator decided that Lloyds had acted fairly. Mr F doesn't agree and asked for a final decision – so the complaint has been passed to me.

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'm not upholding this complaint – I'll explain why.

I think it's important to set out what the remit of my powers are. It's for Lloyds to decide how it conducts its business, what banking services it provides its customers and the checks it carries out when providing such services. Lloyds' obligations are to act in line with regulatory requirements, as set out by the Financial Conduct Authority (FCA).

It's not for me to decide how Lloyds should conduct its business – that's solely on the bank itself to decide and it's the FCA's responsibility to monitor Lloyds' activities. I can only consider whether the bank has treated Mr F fairly in the application of its banking practices or procedures.

Account closure

Lloyds said it closed Mr F's account after he didn't respond to a letter it sent to him in April last year. The bank says it asked that he complete the form that was sent with the letter, providing more information about the charity, so that Lloyds could fulfil its regulatory

obligations. I don't find this request to be unreasonable, given the bank is under a duty to follow relevant regulations. I can also see that Lloyds made a similar request a year earlier.

The letter set out that Mr F had until 15 June to respond, otherwise the account would be closed. Lloyds says it didn't hear back from Mr F, despite it sending a reminder via SMS in May. So it went ahead with closing the account. Lloyds' terms for this account allow it to close Mr F's account in such circumstances, so I don't think it was unfair for the bank to have done so.

Mr F says he didn't receive the letter from the bank. I can see from the copy that's been provided, that the letter was addressed correctly and Lloyds' records show that it was sent. The bank's records also confirm that the SMS reminder was sent. I'm not aware of any postal problems at this address around the time. So I'm satisfied that Lloyds did send the letter. And even if the letter failed to arrive, I haven't seen an explanation for why Mr F didn't take action after receiving the SMS reminder from the bank. Given this, and that Mr F had around 60 days to respond to the bank's request, I'm of the opinion that Lloyds gave a fair opportunity to Mr F to reply – before proceeding to close his account.

New account

Mr F is unhappy with the information requested by Lloyds to open a new account. He says the bank's request that he provides a solicitor or accountant certified letter was unreasonable and delayed the opening of his new account. As I alluded to earlier, it's up to Lloyds to decide its requirements for opening a new account and it's not within my remit to interfere in the bank's procedures.

It's not unusual for banks to request information to establish where certain funds originated from and the bank can ask for different types of information to establish this. I understand this caused some delay and inconvenience, which I appreciate would've been frustrating for Mr F, but I can't fairly conclude that Lloyds was unreasonable.

I understand that since registering the complaint with this service, Mr F was able to provide the required information and the account has been opened. I'm pleased this issue is now resolved.

To conclude, in my opinion, Lloyds acted fairly when it closed Mr F's account. It seems to me that Mr F was given a fair opportunity to provide the information the bank needed, and I think Lloyds had taken reasonable steps to contact him. I also think that Lloyds' request for a solicitor or accountant letter was reasonable, given the bank needed certified information about the charity's funds. So I won't be asking Lloyds to take any action in relation to this complaint.

My final decision

For the reasons set out above, I'm not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask R to accept or reject my decision before 8 August 2023.

Abdul Ali
Ombudsman