

The complaint

Mr E complains that Lloyds Bank PLC unfairly closed his accounts. He's also unhappy that he couldn't access the money in his accounts as he was out of the country during the notice period. And he says Lloyds took too long to release his funds back to him.

What happened

Mr E had accounts with Lloyds.

In August 2022, following a review Lloyds decided to close all of Mr E's accounts. Lloyds wrote to Mr E giving him two months' notice that he needed to make alternative banking arrangements. And it sent Mr E a text message to let him know it had decided to close his accounts. Lloyds then moved Mr E's balances into a holding account. And blocked the accounts during the notice period.

Mr E complained to Lloyds about the closure of the accounts and asked Lloyds to explain why it no longer wanted him as customer. Mr E said he suspected Lloyds's decision was based on him applying for an insurance policy with Lloyds which at the time had a promotional offer, if he applied by a set date.

Mr E says when he called Lloyds, he was passed around from pillar to post and wasn't given a straight answer about how he could access the money in his accounts. And despite him asking he wasn't told why his accounts had been closed. He said overall, the level of customer service he received from Lloyds was very poor. To put things right he said Lloyds should provide him with a proper explanation for why it no longer wanted him as a customer, either reinstate his online banking access or pay him £5 for everyday he was unable to access the money in his accounts.

In response, Lloyds didn't provide Mr E with much information, but explained that it had closed Mr E's accounts due to Mr E being outside the bank's risk appetite. The bank said it hadn't done anything wrong and had acted in line with the terms of the account and relevant regulations when it had closed Mr E's accounts. However, it said it had given Mr E incorrect information about how he could access his account balances, which at the time was just over £11.

Lloyds incorrectly told Mr E that a cheque would be sent to him for his balances. In fact, Mr E needed to go into branch to collect his money. Lloyds apologised and let Mr E know that there was no time limit on when he'd need to do this. And that his money would be available whenever he was next in the UK and able to visit a branch.

Mr E wasn't happy with the bank's response and brought his complaint to this service. He said Lloyds had treated him unfairly and he had to spend a lot of time trying to sort things out. He said he never received letters Lloyds said it had sent him, and he had to spend hours in a branch whilst staff tried to find where his account balances were. He explained that he had arranged for his salary to be paid into his Lloyds account and the plan was for his wife to then be able to access this whilst he was working overseas. Because of the

closure of his accounts Mr E then had to go to the trouble of opening new accounts to ensure that his wife and family were able to pay for everyday essentials. Overall, Mr E has said that the whole experience with Lloyds was time consuming, inconvenient, and very frustrating.

One of our investigators reviewed the complaint. He said that Lloyds hadn't done anything wrong when it had closed Mr E's accounts and had closed them in line with the terms and conditions of the accounts. He also said that Lloyds had done enough to put things right regarding giving him wrong information. Mr E disagreed. He said he never received any letters about closing his accounts from the bank. He said he couldn't access his money for months and wasn't able to access his accounts online either. He thinks Lloyds has broken the law in taking the actions it did.

As no agreement could be reached the matter 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.

In response to the investigator's view, Mr E has said that our service is biased – with the implication being that the Lloyds is influencing our conclusions inappropriately. Whilst I do recognise his concern, and that he was disappointed by the outcome reached by the investigator, as an ombudsman service our approach is to consider what both parties say and then reach our own independent conclusions on that evidence. That is what we have done in this complaint. If Mr E does not agree with our view, he does not have to accept it, and if he does not accept this final decision, he will be free to continue to pursue his concerns by other means should he wish to do so. I cannot, however, advise him on how to go about doing that.

Mr E also says that Lloyds has broken the law when it closed his accounts and didn't release his money. I should explain that our service is an informal alternative to the courts. It is not the role of the Financial Ombudsman Service to decide whether the business has acted unlawfully or not – that's a matter for the courts. I can't make a finding as to whether the law has been broken, and I don't need to in order to decide this complaint. So, whilst the law is a relevant consideration, we don't look at complaints in the same way a court might. We're able to reach an outcome based on what we believe to be fair and reasonable in all the circumstances.

Lloyds are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations 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.

Lloyds is entitled to close an account with Mr E just as he is entitled to close his account with Lloyds. But before Lloyds closes an account, they must do so in way which is fair and complies with the terms and conditions of the account. I've looked at the terms and conditions and they state that Lloyds could close the accounts immediately in certain circumstances and by giving at least two months' notice.

In this case despite giving Mr E 60 days' notice, Lloyds restricted Mr E's access to his account during the notice period. So, I consider Lloyds closed Mr E's accounts immediately, since Mr E wasn't able to use the accounts after Lloyds decided to close them. 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. And that

it was entitled to close the accounts as it's already done.

Mr E says he never received any letters from Lloyds about closing his accounts. But I've seen a screenshot which shows a letter was sent to Mr E's registered address on 19 August 2022, so I think it's likely that a letter was sent to Mr E. I note too that Lloyds sent Mr E a text message that it was closing his accounts. So, overall, I'm satisfied that Mr E was aware his accounts were going to be closed and that Lloyds have complied with this part of the terms and conditions of the accounts.

I've then gone on to consider whether Lloyds's reason for closing the accounts was fair. In doing so, I appreciate that Lloyds are entitled to set their own policies and part of that will form their risk criteria. It is not in my remit to say what policies or risk appetite Lloyds should have in place. I can however, while considering the circumstances of individual complaints, decide whether I think customers have been treated fairly.

After considering all the available evidence and information, I haven't seen evidence to show Lloyds's reviewed and closed Mr E's accounts for an improper reason. There's nothing that I've seen, that suggests it amounted to anything other than a legitimate exercise of its discretion. The reason Lloyds gave for closing the accounts is that it was outside the bank's risk appetite. That in turn means it can choose who it has a customer relationship with. This is a decision that I can't interfere with as it is a commercial business decision.

I understand of course why Mr E wants to know the exact reasons behind Lloyds's decision, other than what he's been previously been told. And I can see that Mr E has asked Lloyds to explain itself on several occasions. But Lloyds doesn't disclose to its customers what triggers a review of their accounts. And it's under no obligation to tell Mr E the reasons behind the account review and closure, as much as he'd like to know. So, I can't say it's done anything wrong by not giving Mr E this information. And it wouldn't be appropriate for me to require it to do so.

When Lloyds decided to close Mr E's accounts it restricted Mr E's access to the accounts and the money in them – at the time this was a total of just over £11. Mr E has said that he had to wait to get his money and didn't get it back until he was finally able to visit a branch in January 2023. He doesn't understand why Lloyds couldn't simply issue a cheque or transfer the balance to another account in his name. He also says that when he did go to the branch staff were confused, couldn't find his money, and had to make lots of phone calls to find out where it was, all of which was frustrating and time consuming.

When Lloyds closed Mr E's accounts it moved his balances into a holding account in line with its processes. I accept that when Mr E visited a branch to get his money staff would've had to make some enquiries to locate the funds in order to return them to Mr E. But it's not for me to decide whether the policy itself was fair or correct or require the bank to change this.

Lloyds has accepted that it made a mistake when it told Mr E that it would send him a cheque for his balances. Lloyds subsequently explained to Mr E that he would have to visit a branch to collect his money. Lloyds has apologised for giving Mr E wrong information. I appreciate that this would have been frustrating for Mr E, but I think this is a reasonable way to resolve this aspect of Mr E's complaint, so I won't be asking Lloyds to do anything more.

In summary, I understand Mr E will be unhappy with my decision but ultimately Lloyds is entitled to set its own risk appetite. Having reviewed all the evidence and circumstances of this complaint, I'm satisfied that Lloyds has acted in line with the terms and conditions of the account and as such I can't conclude that it has treated Mr E unfairly when it closed his accounts. So, I won't be asking Lloyds to do anything more to resolve Mr E'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 E to accept or reject my decision before 13 February 2024.

Sharon Kerrison
Ombudsman