

The complaint

Mr C and Ms C complain about the way that Lloyds Bank PLC managed their bank account.

What happened

Mr C and Ms C hold a joint current account with Lloyds. After Ms C received a letter about her bank card in March 2023, she made an online request to renew her card. Lloyds asked to speak to Ms C and then told her that it had closed the account.

Ms C could not understand why Lloyds would bother writing to her and reminding her to renew her debit card if it had already closed her account. When Ms C complained to the Financial Ombudsman in April 2023 she wanted Lloyds to reopen the account. Ms C said that Lloyds told her she would have to jump through hoops to have the account reinstated and that it would be necessary to visit the consulate which is many hours from Ms C's home.

In early May 2023, Lloyds told Ms C the account was dormant rather than closed. Lloyds said it took this step in September 2020 as she had not used the account since September 2017. Lloyds apologised for not contacting Ms C ahead of making the account dormant and offered £100 compensation. Lloyds also explained how Ms C could reactivate the account by providing proof of identity.

Ms C did not accept Lloyds' offer, saying that she did not have a current UK passport or UK driving licence and that a trip to the capital of the country where she is living would be prohibitively expensive.

Our investigator sent Ms C details of Lloyds offer to settle her complaint which he thought was fair. Our investigator said that Lloyds was not wrong to have made the account dormant in line with its regulatory responsibilities.

Our investigator agreed that if Lloyds had contacted Ms C beforehand, it may have been possible to avoid the dormancy by conducting a transaction on the account. But he thought £100 was reasonable compensation to apologise for the inconvenience together with Lloyds offer to cover the costs of verifying Ms C's identity. Our investigator explained that Ms C could use the passport of her current country of residence to prove her identity and that there were services in her area which could verify the documents.

Ms C remains very unhappy that Lloyds didn't contact her before making the bank account dormant. Ms C does not think £100 is fair considering the stress and anxiety she has felt. She is also concerned that we have not dealt with a fraud issue related to Lloyds.

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 am sorry to hear about the anxiety that Ms C has felt because Lloyds told her the account was closed. I appreciate this was concerning to her – particularly as Ms C is clear that she

always responds to Lloyds' correspondence, so would have known if there had been a problem with the account.

There is no dispute that Lloyds failed to notify Ms C ahead of making the account dormant. I don't think this means it was wrong for Lloyds to make the account dormant after it had not been used three years agree but I can see the lack of notice was inconvenient to Ms C

It is not the role of the Financial Ombudsman Service to penalise a business for its mistakes. Instead, I need to decide whether Lloyds has done or offered enough to put things right. I appreciate that Ms C may disagree, but I think Lloyds offer to pay £100 compensation and cover the costs of supplying proof of her identity is a fair way to resolve her complaint. £100 sits within the level of award this service might make where there has been a mistake which takes a reasonable effort to sort out. Our approach to awards like this can be found on our website.

I understand Ms C may no longer want to retain the bank account. Given the low balance in the account, Lloyds has offered to waive the identification requirements to close the account so that it can pay the balance to Ms C together with its offer of compensation. Again, this seems a fair response from Lloyds.

My final decision

I think Lloyds has already made an offer which I think is fair. So, my final decision is that, if it has not already done so, Lloyds Bank PLC should pay Ms C £100.

If Ms C wants to retain the bank account, Lloyds Bank PLC should also refund the reasonable costs of verifying Ms C's identity upon her supplying evidence of these costs. But if Ms C wants to close the account, Lloyds Bank PLC should do so and transfer the account balance to Ms C's nominated bank account subject to her supplying account details to Lloyds.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C and Ms C to accept or reject my decision before 14 February 2024.

Gemma Bowen
Ombudsman