

The complaint

Miss J complains that Lloyds Bank PLC (“Lloyds”) closed her account whilst she was incarcerated and failed to take instructions from her mother when she visited a branch of Lloyds.

What happened

Miss J held a fee paying bank account with Lloyds. Miss J says was incarcerated and sent correspondence around the start of October 2021 informing Lloyds she was going to be incarcerated and that her account would be inactive until her release. Lloyds have no evidence of receiving this correspondence and have provided a copy of its internal records which shows the only contact from Miss J it had recorded was a visit to one of its branches on 21 September 2021 when she updated her address.

The account became overdrawn when the account wasn’t being credited to cover the monthly account fee.

Lloyds sent Miss J text messages and emails about this but they were returned as undelivered. Lloyds also wrote to Miss J at her last known address (the one she updated in her September branch visit) asking that she contact the bank or to credit the account with enough funds to bring the balance back to 0.00.

Miss J says she gave written authorisation for her mum to have access to her account. Miss J says her mum visited a branch of Lloyds and informed it that she had been incarcerated and to try to sort out the account. Lloyds says it would’ve been unable to take a third party instruction without the express

permission from their customer. And as it didn't receive any contact from Miss J and the account remained overdrawn it took the decision to close the account and gave two months' notice as per the terms and conditions of the account on 1 March 2022 and the account was closed on 11 May.

Lloyds say it wrote off the fees and that Miss J's credit score hasn't been affected by its actions as it didn't report any missed payments.

Miss J complained to Lloyds about this. Lloyds didn't uphold her complaint. It says it closed the account as it was overdrawn and it had received no response or credit to the account since writing to Miss J about this and hadn't made an error.

One of our investigators looked into Miss J's concerns and reached the conclusion that Lloyds hadn't done anything wrong in not following the instructions from her mother as she was a third party and wasn't named on the account. They didn't think Lloyds actions in closing the account were unreasonable and hadn't seen any evidence Lloyds had been notified of her incarceration.

Miss J says the post wasn't forwarded to her mum as requested and that if she'd known the account was in arrears she would've transferred funds and she did all she could to keep the account open. Miss J has asked for an ombudsman's decision.

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 considered everything provided, I've decided to not to uphold Miss J's complaint.

My role is to look at the problems Miss J has experienced and see if Lloyds has done anything wrong or treated her unfairly. If

it has, I would seek – if possible - to put Miss J back in the position she would've been in if the mistakes hadn't happened. And I may award compensation that I consider fair and reasonable.

Miss J is unhappy Lloyds closed her account when she says she informed it of her incarceration and provided her mother with authorisation to deal with her account but that Lloyds failed to accept this. Lloyds have provided a copy of its internal records that show the last and only contact it had from Miss J was in September 2021 when she updated her address in branch.

So based on the evidence I've seen I don't think Lloyds ever received notification from Miss J that she was incarcerated or any instructions regarding her account. And I've also seen no evidence that Miss J's mother was given authorisation to deal with her account and as such I can't say that Lloyds did anything wrong if it refused to follow the instructions of a third party.

But in any case even if Lloyds did have notice of Miss J's incarceration and the requisite third party authorisation to deal with her account, I don't think it would've made a difference.

The reason Miss J's account was closed was because her account became overdrawn due to Lloyds charging the monthly account fee (as it was entitled to do) and Miss J failed to credit enough money to the account to cover this or respond to any of Lloyds' communications about this.

Lloyds was under no obligation to allow the debt to remain outstanding, so it gave two months' notice to the last known address it had for her (the one she updated when she visited the branch a month before she was incarcerated) in-line with the terms and conditions of the account. To keep the account

open all Miss J had to do was credit the account and anyone was able to do that - without third party authorisation.

So I don't think Lloyds did anything wrong here or treated Miss J unfairly and it follows that I do not uphold this complaint.

My final decision

For the reasons I've explained I've decided not to uphold Miss J's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss J to accept or reject my decision before 25 December 2023.

Caroline Davies
Ombudsman