

## The complaint

Mr R complains about the way in which Lloyds Bank PLC dealt with the allocation of a payment he made to his credit card account.

## What happened

On 17 October 2019 Mr R made a payment of £1,751 against his Lloyds credit card statement dated the 13th of that month ('the October statement'). His intention was to clear a balance transfer ('the balance transfer') for this amount. The promotional rate that applied to the balance transfer was 0% which expired on 16 October, increasing to 25.19% on that day. However, the November statement showed that the payment Mr R had made was applied to other balances, so he complained to Lloyds.

Lloyds didn't uphold Mr R's complaint. It referred to its terms and conditions where it says:

*"We use your payments to pay off balances charged at the highest interest rate first and so on down to balances with the lowest interest rates. This means the more expensive balances are always paid off first."*

Lloyds said that to clear the outstanding balance on the balance transfer which expired on 16 October, Mr R would've needed to wait for his next statement to be produced. And that as the payment was allocated correctly, it was unable to reallocate the payment. Lloyds said that in order to assist Mr R it would waive interest for three months to give him some breathing space to clear the balance transfer.

Unhappy with the bank's response Mr R brought his complaint to our service. He maintained that the payment should've been allocated differently, noting that Lloyds had agreed to reallocate a payment under similar circumstances previously.

Our investigator looked into the complaint but didn't think Lloyds had acted unfairly. As Mr R didn't agree, the complaint has been passed to me for a final 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 done so, I'm not upholding the complaint. I'll explain why.

I understand how strongly Mr R feels, and he's raised a number of points during his contact with this service in support of his complaint. Although I may not mention every point he's raised, I can reassure him that I've considered everything he's said, but limited my findings to the areas which impact on the outcome of the case.

I'll also say at this point that whilst I know Mr R wants me to ask Lloyds to change what it says in statements, my role is to resolve individual complaints and to award redress where it is appropriate so to do. I don't perform the role of the industry regulator, and nor do I have the power to make rules for financial businesses, punish them, or direct that they change their processes.

The starting point for this particular complaint is that the terms and conditions of the account were notified to Mr R when he opened the account and a summary of these were received in his monthly statements. I can see the terms includes an explanation of how payments are allocated which I've set out above. Mr R doesn't dispute being aware of these terms but says these were applied incorrectly because by the date of his payment, the balance transfer's promotional rate had expired.

I appreciate where Mr R is coming from, but I see that the statement covered the period up until 13 October 2019. And it included a 'breakdown of balance' table, which listed all the interest rates applicable to each balance as of that date. There were seven separate balances listed and the balance transfer that is the subject matter of this complaint, had the lowest interest rate at 0% - all other balances had interest rates of 4.94% or higher. So when read alongside the terms and conditions, I think the October statement did make it clear how Mr R's payment would be allocated – namely, that the highest would be paid first, which as at the date of the October statement, wasn't the balance transfer in question.

I know Mr R thinks Lloyds should've made it clearer than this. But by giving a date by which the credit card statement ended, listing all the balances with their respective interest rates as at that date and by setting out the way payments would be allocated, I'm satisfied the October statement was sufficiently clear.

I understand Lloyds agreed to reallocate a payment under similar circumstances previously. Lloyds said that this was a goodwill gesture - Mr R disputes this saying that it was because it'd made a mistake, and he thinks it has made the same mistake again here. But for the reasons I've outlined above I'm satisfied on this particular occasion, Lloyds hasn't made a mistake and/ or hasn't misled Mr R in any way, so I won't be asking it to do anything further.

So whilst I understand Mr R will be disappointed with this outcome, for all the reasons I've set out above, I'm not upholding his complaint.

### **My final decision**

I'm not upholding the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 20 July 2020.

Yolande Mcleod  
**Ombudsman**