

The complaint

Mrs B complains about the length of time it took Lloyds Bank plc (Lloyds) to resolve problems with her internet banking access. And she doesn't think it has paid enough compensation for the inconvenience she suffered.

What happened

Mrs B is a sole trader and has a business and personal account with Lloyds.

Around the end of March 2019, a technical fault occurred, which meant Mrs B wasn't able to access internet banking on either account. Mrs B was in the middle of setting up new business premises at the time, so she had to ask friends to help while she contacted Lloyds - by phone and in person - to try to sort out the problem.

Lloyds asked Mrs B to try various password resets (as it initially thought the problem stemmed from the wrong log in details being entered) and workarounds. Following further investigation, Lloyds restored access to both accounts by mid - May 2019.

Mrs B wasn't happy that she'd been without internet banking access for so long.

Lloyds responded to her complaint in May 2019 and said a technical fault caused a loss of access. And whilst other banking services were available, Lloyds recognised Mrs B's inconvenience when internet banking - her preferred method - wasn't available. It also recognised the added inconvenience when the systems were down on one occasion she went into a branch. Lloyds offered Mrs B £300 compensation for the time, inconvenience and frustration caused in trying to get the problem fixed. It also offered to reimburse £38.70 travel expenses incurred in going to the branch (a 14-mile round trip) and £0.65 in respect of a cheque deposit fee.

Mrs B rejected Lloyds offer, as she didn't think it was enough overall. Lloyds told Mrs B she could contact our service if she wasn't happy.

Mrs B complained to us the following month.

Our investigator looked into the complaint and felt Lloyds had done enough to recognise the inconvenience caused by the system error. In particular, the investigator felt that from when the problem was first logged, there were constant attempts by Lloyds to try to fix it. The investigator also noted other banking options were available to Mrs B when internet banking wasn't. He thought the total compensation offered - £339.35- including £300 to reflect the inconvenience she suffered along with reimbursing fees and travel expenses was fair. So, the investigator didn't think Lloyds needed to do anything more.

Mrs B wasn't happy with the investigator's assessment, so the matter has been passed to me to decide.

Whilst looking into Mrs B's complaint, I noted Lloyds' hadn't compensated her for the phone calls she made to chase up a resolution to the system issues. I asked Lloyds about this and it said it intended to reimburse Mrs B for her calls, but hadn't, due to an oversight.

It's now agreed to pay Mrs B an additional £18. We put this to Mrs B and whilst she didn't comment specifically on the amount Lloyds offered to reimburse her for her calls, she again explained why she's not happy with the amount of compensation it paid overall.

My provisional findings

I sent Mrs B and Lloyds my provisional findings on 24 July 2020. I've included the relevant extracts below.

There's clear agreement between Mrs B and Lloyds that she wasn't able to access internet banking for a number of weeks. Mrs B has described in some detail the frustration and inconvenience caused in her not having access to all of the services she relied on – at a time when she really needed them - because she was setting up a new business. I can appreciate it must have been really frustrating for her. Lloyds offered to compensate Mrs B for the inconvenience caused. It also agreed to reimburse her for travel and other expenses incurred when she had to visit a branch to try to sort things out. But Mrs B doesn't think Lloyds compensation offer goes far enough.

I'll say here that technical issues can and do happen. And I can see that from when Mrs B first reported them, Lloyds appears to have made several attempts to try to fix the problem and gave Mrs B various workarounds to try. I can also see though from Mrs B's perspective it must have been frustrating to be told she'd entered the wrong log in information, when that appears not to have been the case. In total, it took about seven weeks before the problems were fully resolved, and I appreciate that's likely to have caused a fair amount of inconvenience. So, the outstanding issue for me to consider is whether Lloyds did enough to recognise the extent of the inconvenience caused to Mrs B. And if not, whether it needs to do anything more. Unless I receive other evidence, I'm likely to say Lloyds compensation offer doesn't go far enough. I'll explain why.

I appreciate Lloyds point that other banking services were available to Mrs B during the time that internet banking wasn't. Mrs B says she wasn't able to complete all of the transactions she wanted to by telephone banking due to the limitations of the service. She also says she lost money by not being able to work when having to visit the branch in person. She hasn't given specific details of when she couldn't use telephone banking for certain transactions, or of any losses incurred. Mrs B also says that she had to ask a third party - who she didn't know that well - to pay a supplier on her behalf. I've thought about this and whilst I can appreciate why asking a third party to help might in the end have seemed a quicker way to resolve payment issues, I don't think it would be fair to say Lloyds should compensate Mrs B for that.

I say that because irrespective of Mrs B's comments about the telephone banking service, that service and branch banking were available during the time that internet banking wasn't. And, as Mrs B was going to the branch anyway, it seems she could just as easily have asked branch staff to pay a supplier on her behalf - particularly if she was worried about asking a third party who she didn't know very well to do that. Mrs B told Lloyds she didn't arrange a payment in branch because the supplier initially suggested she deferred the payment until her internet access was up and running again. And on another occasion the branch systems were down due to planned maintenance. I appreciate the supplier wouldn't have realised how long Mrs B's internet access would be down and may not have suggested deferring the payment had they known it would take weeks to resolve. But I do think there were other opportunities for Mrs B to make the payment - in the branch or by phone. So, whilst I appreciate Mrs B's decision, for the reasons I've outlined, I'm not going to ask Lloyds to do anything more about this.

Mrs B also told Lloyds she had to enlist friends' help with renovating business premises whilst she took time out to visit the branch and make phone calls. And she says she offered them beauty services in exchange for their help, which came at a cost to her. I can see why Mrs B might want to offer goodwill gestures to friends who helped her. But I don't think that's the same as saying Mrs B suffered an actual financial loss as a direct result of Lloyds actions. And I haven't seen any evidence to show there's a loss that could be directly linked to Lloyds' actions. So, for those reasons, I won't be asking Lloyds to reimburse Mrs B for the loss she said she incurred.

But the fact remains Mrs B made several trips to the branch- trips that she wouldn't otherwise have made - if she'd had the full system access she relied on. And she also made phone calls to Lloyds to chase updates or when suggested workarounds failed. And I have no doubt that all of that would have been a hassle for her.

I noted Lloyds compensation offer didn't reflect Mrs B's telephone costs in having to chase Lloyds for progress reports on the system issues. So, I asked Lloyds about that. Lloyds accepts it hadn't included these costs in its compensation payment due to an oversight. It has now offered to pay an additional £18 to Mrs B to reimburse the cost of her calls. Mrs B isn't able to provide her phone bills yet (as they're with her accountant), so I've thought about whether Lloyds offer seems reasonable. Research suggests calls to an 0345 number from a mobile phone cost anywhere between 3p and 55p per minute depending on the provider. Calls from a landline are typically around 9p per minute. Lloyds has offered to pay Mrs B £18 for 90 minutes of calls, so that's 20p a minute. I'm satisfied that offer seems reasonable.

I've also thought about whether the rest of Lloyds original compensation offer – to pay Mrs B £339.35 - fairly reflects the level of inconvenience Mrs B's likely to have suffered and the additional expenditure she incurred. I'm satisfied it fairly reflects her additional expenditure and goes some way to recognising her inconvenience. However, on balance, I'm not persuaded it fully reflects the number of branch visits she appears to have made and the inconvenience she's likely to have suffered because of that. When thinking about this, I've taken account of the fact Mrs B was busy setting up a new business that's likely to have demanded her attention – attention that would have been diverted in having to visit a branch a fair distance away. So, I think the impact is likely to have been keenly felt by Mrs B. Unless I receive other evidence, I'm minded to say Lloyds should increase its compensation offer in respect of the inconvenience Mrs B suffered to £400. I think this, together with Lloyds offer to reimburse Mrs B's additional expenditure and costs, fairly recognises the impact that the system error had on Mrs B.

So, whilst I appreciate Mrs B is still likely to be disappointed because she thinks Lloyds should have paid her considerably more, I'm satisfied that's a fair and reasonable outcome in the circumstances of this complaint.

Response to my provisional decision.

Mrs B responded and said that whilst she's not happy with the decision, she accepts my proposed award. Lloyds hasn't responded.

My findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Neither Lloyds or Mrs B have given me new information to consider, or given me cause to revisit what I said in my provisional decision. So, I see no reason to depart from what I said

in that decision. I've now set out my final decision below.

My final decision

I direct Lloyds Bank plc to increase its compensation offer to a total of £457.35, broken down as follows:

- £400 (increasing its original offer of £300 by £100) in respect of the time; frustration and inconvenience Mrs B suffered in having to visit a branch to try to resolve the system issues;
- £38.70 in respect of her mileage;
- £18 to reimburse the costs of Mrs B's calls;
- .65 to reimburse a cheque processing fee.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 12 October 2020.

Amanda Scott
Ombudsman