

The complaint

Mr S has complained that Lloyds Bank PLC (Lloyds) changed its overdraft pricing structure. The meant that he would need to pay more for his overdraft going forward. Mr S feels that this is unfair.

He also feels that, when he complained about this, Lloyds' customer service was poor.

What happened

Our adjudicator thought the complaint shouldn't be upheld. Mr S disagreed with the adjudicator's opinion. The complaint was then passed to me.

I issued my provisional decision saying that Mr S' complaint should be upheld in part. A copy of the background to the complaint and my provisional findings are below in italics. These form part of this final decision.

Mr S has also complained that the overdraft facility, and the bank account itself, were mis-sold to him. These issues are being addressed as a separate complaint and so I won't make a finding about them in this decision.

What I said in my provisional decision:

Mr S has a current account with Lloyds. A feature of this account is that he gets an interest free overdraft for a certain amount. Before April 2020 Mr S could borrow up to £500 without incurring costs. But following a review of its overdraft charging structure this interest free amount was reduced to £250. Lloyds says that it reduced the charges for overdraft amounts at the same time.

Lloyds informed Mr S about these changes. Mr S complained to Lloyds after it said it was about to change its overdraft pricing structure. He did this via a phone call, and he says the customer service in the call was poor. He says Lloyds' representative was rude and unhelpful.

Going forward, Lloyds didn't uphold the complaint. It thought the changes to its overdraft charging structure were reasonable and that it had handled Mr S' complaint fairly. As Mr S was dissatisfied he referred the complaint to the Financial Ombudsman.

Mr S' complaint was considered by one of our adjudicators. She thought that Lloyds hadn't acted unfairly here. This was because Lloyds was entitled to change the charging structure to the overdraft and the new charging structure wasn't unfairly applied. There was also no sign of Mr S being in financial difficulty.

She also reviewed the calls Mr S has with Lloyds and didn't think that the adviser treated him unfairly or provided poor customer service.

Mr S didn't agree with our adjudicator. He didn't think it was fair for Lloyds to change the overdraft fees and he didn't agree with them. He still thought that the customer service he received was poor. Particularly the amount of time he spent on hold in two calls he made to complain about the overdraft charges. And that Lloyds didn't register a complaint straight away when it was clear he was unhappy.

As no agreement has been reached the complaint has been passed to me, an ombudsman, to issue a decision.

What I've provisionally decided – and why

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

This includes all the rules, regulations, and good industry practice we consider when looking at whether a bank treated a customer fairly and reasonably when applying overdraft charges. I don't consider it necessary to set all of this out in this decision.

Having carefully considered everything provided, I'm intending to find that Lloyds didn't act unfairly when it changed the overdraft charging structure on Mr S' account.

My role here is to consider the circumstances of individual complaints and if a business has acted fairly and reasonably given these circumstances. The overall charging structure of a bank account doesn't fall into this category as it concerns all of the relevant accounts Lloyds has.

Added to this it's reasonable for a bank to change its charges from time to time. This is a commercial decision that Lloyds took. It's entitled to make these commercial decisions. Lloyds also provided notice of this change.

And looking at Mr S' circumstances this change hadn't caused him hardship (as it has not been applied when he complained). And Mr S was free to change his account to another provider if the fees and charges on the Lloyds account no longer met his needs.

So, I'm not intending to uphold, Mr S' complaint about the changes to it his overdraft charges.

However, I agree that that Lloyds customer service could have been better when Mr S made his complaint.

I've listened to the two telephone calls that Mr S refers to in the complaint. Having done this, I agree that these interactions here didn't go well, and this clearly caused Mr S some distress and inconvenience.

Early on in the first call it's clear that Mr S wants to make his complaint about the overdraft charges. And he wants a full response to the complaint – rather than continue to discuss it in the call or have a summary resolution letter. But Lloyds initially tells Mr S that he will need to stay on the call for 10 to 15 mins while a complaint is set up. It's not clear why he needed to do this as Lloyds was aware at this point of who Mr S was, and what he was complaining about.

The Lloyds' representative then puts Mr S on hold for about half an hour while she spoke to a manager. And then returned to tell him there would be nothing they would be able to do to help with the overdraft charges as these were not negotiable. Again, it's not clear to me why this happened, other than perhaps some confusion on the part of Lloyds. And this clearly upset Mr S.

As both parties know the call became unproductive after this. And I think it's fair to say that Mr S became angry and the call was terminated. But Lloyds still didn't register his complaint. And Lloyds says in its final response that Mr S' 'complaint was void as it didn't complete the call.' Mr S then had to make a second call before Lloyds would register a complaint. Which added to the inconvenience to him.

I don't think it's right to say that Lloyds can avoid its regulatory responsibility to investigate a complaint due to a call going badly. Mr S had made a complaint early on in the first call. Lloyds then should have then registered and considered this complaint. I don't agree that he needed to take any further steps than this.

It seems to me that the only way Mr S could have a complaint looked at is by following a process Lloyds had. I don't and this is right or fair. I think it made it difficult for Mr S to make a complaint. And I think much of the problems later on in the first call, and the need for a second call, would have been avoided if Lloyds had properly acknowledged his complaint straight away.

I think this caused Mr S some distress and inconvenience, he was clearly upset about this and he spent far too much time on this issue. That said this wasn't an ongoing problem. So, overall, I think £150 is fair compensation for the trouble this caused him.

Lloyds, and Mr S, confirmed that they had received my provisional decision. Lloyds agreed with what I said. Mr S agreed in principal. But he thought that the compensation should be increased to £250 to account for the poor initial contact he had from Lloyds and the poor way it investigated his complaint.

I've thought about what Mr S said below.

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.

Lloyds and Mr S didn't raise any new arguments about whether or not the complaint should be upheld after receiving my provisional decision. So, I've reached the same conclusions I reached before about this, for the same reasons.

Mr S thinks the compensation should be higher and he's explained why. But this isn't really a new issue and he's not really made any new points about this. I had already considered the points Mr S made when coming to my provisional decision.

I don't disagree that Mr S was frustrated by Lloyds complaint handling. But this was largely in the first call he made to the representative to make his complaint. And whilst it's clear that Lloyds should have done better here, the mistakes it made happened over a relatively short time.

So, having thought about all of this, I still think £150 is fair compensation.

Putting things right

Lloyd should pay Mr S £150.

My final decision

For the reasons I've explained, I partly uphold Mr S' complaint.

Lloyds Bank PLC should put things right by doing what I've said above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 25 April 2022.

Andy Burlinson
Ombudsman