

The complaint

Miss P complains about Lloyds Bank PLC (“Lloyds”) for declining her application for a student bank account, and for customer service issues she experienced around her application. She wants Lloyds to change her bank account and to pay her compensation for her experience.

What happened

Miss P began an access course in September 2021. This was with a view to continuing into further study.

She applied to her bank, Lloyds, to change her current account to a student account, which had fewer charges.

Miss P had to attend branch with her evidence of the course. She took along her learning agreement with a third party which gave the course details and start and end dates.

Whilst in branch, Miss P says that she was told she needed to have a university course code. She says that the member of staff she spoke with was rude and unhelpful, and she found her attitude appalling.

Miss P then called Lloyds. She was told again that she needed the university course code, and she was told that she would be called back. Miss P says that she did not receive a returned call.

Miss P complained to Lloyds and Lloyds sent its final response in November 2021. Lloyds declined the complaint but stopped overdraft fees on Miss P’s account for the following 30 days to allow her to provide additional evidence so that the account could be changed.

Miss P was not happy with this and contacted us.

Our investigator looked into this matter and set out his view to the parties. That was that the evidence Miss P had provided to us did not meet Lloyds’ student account requirements and so Lloyds had been entitled to decline the application for a student account. Our investigator did not think that Lloyds had communicated the requirements to Miss P clearly, however, and recommended that to put matters right Lloyds should continue its waiver of overdraft fees up until 30 days after resolution of Miss P’s complaint. He also thought that Lloyds should pay Miss P £100 compensation to reflect her not receiving a returned call and for her inconvenience.

Lloyds accepted this recommendation. Miss P did not accept the view and asked for an ombudsman 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.

I have read my colleague's view, and the supporting evidence, and I agree with his conclusions.

The evidence provided by Lloyds details what is required to be eligible for a student account and, whilst from Miss P's account of her studies it seems she would be eligible, the learning agreement she provided to Lloyds does not appear to meet the criteria.

Lloyds is allowed to set eligibility criteria for its accounts and to abide by these, so long as it does so fairly, and that it communicates the requirements clearly to consumers. Lloyds is entitled to make an assessment of the evidence provided, and in this circumstance I cannot say that it has treated Miss P unfairly in the decision to decline the account.

I agree, however, that on the available evidence it does not appear that Lloyds communicated clearly and helpfully with Miss P, as it appears to have focussed too heavily on needing a course code, and hasn't made clear to Miss P what evidence she could obtain for her situation.

I cannot determine the attitude or the comments made by the member of staff Miss P spoke to in branch, but it is clear that she felt that this was inappropriate and unhelpful. I have therefore borne this in mind when looking at the appropriate resolution.

My colleague considered that a fair outcome was for Lloyds to maintain its waiver of overdraft fees until this complaint is resolved and Miss P has had a further opportunity to submit her evidence. I think this is fair and reflects the financial impact upon Miss P of the issues in communication.

I agree that Lloyds has not acted unfairly in requiring evidence to be produced in branch in these circumstances as it does not seem that Miss P raised with Lloyds any difficulty which prevented her attending. If she is unable to attend a branch again due to her disability, I would expect Lloyds, when aware of her difficulties, to make reasonable adjustments.

Overall, I appreciate that Miss P has not felt that she was communicated with properly, and this has caused her the distress and inconvenience of a delay and a wasted trip into branch. I agree with the investigator's assessment that £100 compensation is appropriate and in line with other awards we would make in similar circumstances.

I therefore partially uphold Miss P's complaint in that I think Lloyds failed to communicate properly with her.

Putting things right

In order to put matters right, I agree that Lloyds should waive any overdraft charges incurred on Miss P's account on or after 16 February 2022, and for a further period of 30 days after this decision becomes binding on the parties, to allow Miss P time to provide her evidence.

Lloyds should also pay to Miss P £100 compensation to reflect her distress and inconvenience.

My final decision

For the reasons given above, I uphold Miss P's complaint and direct Lloyds Bank PLC to remove any overdraft charges from Miss P's account between 16 February 2022 and 30 days after this complaint becomes binding on the parties.

I also direct Lloyds Bank PLC to pay Miss P £100 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss P to accept or reject my decision before 11 July 2022.

Laura Garvin-Smith
Ombudsman