

## The complaint

Miss M complains about the service she's received from Lloyds Bank Plc regarding her current account. Specifically, she's upset about the way it spoke to her when she had told it about her additional needs.

## What happened

Miss M has a current account with Lloyds. She has been in her overdraft in that account for some time. In December 2020, Lloyds had applied a "hold" on her account – that is a point where it freezes interest and charges to enable Miss M some breathing space to decide what to do with her finances. Miss M was liaising with a Debt Management Charity (DMC) and explained to Lloyds in January 2021 that there had been a delay. She asked whether the hold could be extended. She had a number of webchats with Lloyds and was told that she'd have to call to have the hold agreed. Miss M explained to them that due to her additional needs, phone calls weren't something she should have to do.

After some hours speaking to different people at Lloyds a hold was placed on Miss M's account. Miss M complained about the way she was spoken to and was paid £50 compensation. Miss M complained to the Financial Ombudsman Service. She explained that she felt Lloyds hadn't done enough to take into account her vulnerabilities or additional needs. She also explained she received letters telling her that it would be a benefit to close her account which had made her panic. Overall, she feels Lloyds provided a poor and distressing service and this has impacted her health. She said that Lloyds hasn't assisted her in trying to reduce the debt on her account.

I sent my provisional decision upholding this complaint on 25 July 2022. I explained that I felt Lloyds could have done more for Miss M. The following is the relevant extract from that decision and forms part of this decision:

### *"Customer service*

*I'm first going to address the customer service Miss M received from Lloyds specifically over webchat. I can see that despite Lloyds being aware of Miss M's additional needs and how phone calls affect her it told her that she didn't have choice but to phone them to ask for an additional hold. I now understand that when a customer asks for a hold on an account, Lloyds should be looking at their circumstances to determine what it could do. The staff it has trained to do this are only available on the phone – or in branch. So, I can see why Miss M was directed to call although I can also understand her disappointment.*

*I can see that one of the webchat advisers spent a lot of time on the phone trying to get through to the correct department – well over an hour which does highlight how difficult it would be for Lloyds' customers to get through – especially if they are at their place of work like Miss M was. The adviser wasn't able to get through before the phone lines ended for the day but I can see she made an effort to sort Miss M's situation out. The following day another adviser tried and then told her she'd have to call and that he couldn't speak to the DMC on her behalf which I can't see was something Miss M wanted anyway. When she spoke to a manager I don't think she got the service she could've expected.*

*Specifically I can see that Miss M was trying to explain the situation and it's clear Lloyds couldn't do what she wanted at the time – this isn't Lloyds fault. However, I think the way Miss M was spoken to would've made her feel upset and uncomfortable. Specifically when the manager said when referencing the actions of the adviser making a call on Miss M's behalf:*

*"...this is not something we usually would do so by going over and above this has dragged the situation on..."*

*Miss M was trying to get information, and whilst I understand Lloyds couldn't do some of this on her behalf, it did try to. Miss M shouldn't have then been made to feel responsible for the time Lloyds spent trying to help her.*

*Overall, I think that being told continually to do something Lloyds knew Miss M wasn't comfortable with wasn't helpful. Whilst the relevant team was only available over the phone it was clear this would've taken a long time to get through, and that Miss M would've found the situation challenging. I'd have expected some level of empathy to be shown during the transcript and I can't see there was any.*

#### *Miss M's account*

*I now turn to Miss M's account, and Lloyds actions. Lloyds has said that due to Miss M's vulnerabilities it has applied more holds to her account than normal – it would normally only give two per year but has given Miss M at least five. It also said that it hadn't received an Income and Expenditure (I&E) form so wasn't able to put anything in place to help Miss M. It said it would be happy to liaise with a DMC on her behalf.*

*Miss M has confirmed that since she brought the complaint – in January 2021 – she hasn't received much communication from Lloyds. She said she tried to enter into a plan with a DMC but she didn't find the DMC helpful so didn't do this. She did provide me with an I&E form she completed with the DMC but pointed out some inaccuracies. And she explained she had returned an I&E to Lloyds in 2019 although Lloyds can't find a record of this.*

*Looking at Miss M's situation and account it's clear she is having trouble repaying her debt. I think she's experienced some financial difficulty and I don't think Lloyds has done enough here. I acknowledge that it gave Miss M additional holds on her account, but I can't see it's done anything to help her since then.*

*Lloyds processes are in place for a reason, but I can see it gave Miss M additional holds as she was trying to get a plan in place with a DMC. So I don't think it was wrong for Lloyds to do this. But Miss M didn't put this plan in place, and Lloyds hasn't done anything since to help her. Had Lloyds pursued Miss M for an I&E form it would've seen her financial situation and how much she'd expected to be able to pay towards her overdraft each month. From the I&E Miss M completed with the DMC, I can see this would've been around £45.*

*Lloyds has told me that had it liaised with Miss M, some of the options available to help her would be:*

- To manage the account as it is with charges and interest being applied*
- To enter into an arrangement with a flag but with charges being applied*
- To enter into an arrangement to pay with interest and charges being frozen, which would attract a marker on her credit file*

- To pass her account to recoveries, freezing all interest and charges if the repayment plan is unsustainable.

*Having looked at Miss M's financial situation I don't think that a mark on her credit file would've prevented her from taking the action. I can see that this is her only bank account however and so it was important to her to retain an account. It's clear she was open to reaching a repayment plan as she had spoken to a DMC about this. So, I think if Lloyds had been more proactive to help Miss M's situation, she'd have been in a situation where charges and interest were no longer being applied to her account.*

*I do acknowledge that Miss M has made a number of complaints when she's received communication about her account, and managing her debt. And I know she was liaising with a DMC – but it wasn't mandatory for Miss M to only go through a DMC, particularly if she didn't feel comfortable with the service she received from it. But this doesn't mean Lloyds wasn't then responsible for helping Miss M. It would've been clear from February 2021 – at the end of the hold applied in January – that Lloyds hadn't received contact from the DMC and that it didn't have an I&E. I think it should've taken steps to contact Miss M and try to help – outlining her options. Had it done so, I think Miss M would've been in a position where she was no longer paying interest and charges on her account.*

*Going forward*

*It's important that going forward Lloyds and Miss M communicate about the situation to ensure Miss M is treated fairly. I expect Lloyds to send Miss M an I&E form and I expect Miss M to complete this and send it back so Lloyds can outline her up to date options going forward to avoid the current cycle that Miss M is in with holds and interest being charged.*

### **Putting things right**

*I've explained that I think Lloyds needs to do more here to support Miss M. It's difficult to know what Miss M would've done had the options been presented to her in February 2021, and I'm mindful that any action would've required Miss M's full co-operation so with this in mind, I think the following would be fair redress:*

- *Lloyds to send Miss M an I&E form to assess her current situation. Upon receipt of the completed I&E form that Miss M sends back it should:*
  - o *Refund charges and interest applied to Miss M's account from February 2021 when her January hold ended to the date it sends Miss M's I&E form.*
  - o *Upon assessment of Miss M's situation it should outline the support available to Miss M, being mindful this is her only current account. If that support freezes interest and charges then Lloyds should refund any she's paid in the interim between the I&E being sent and the suitable option being put in place.*
  - o *As far as reasonably possible, the communication of the above should be done by post or email.*
- *Pay Miss M an additional £100 for the customer service she received during her webchats and for Lloyds' inaction since she made a complaint."*

*Miss M accepted the provisional decision. She said she'd be happy to work with Lloyds and would complete an I&E form as soon as it was sent to her. Lloyds also broadly accepted the provisional decision and said the redress for trouble and upset can be paid to Miss M to an account of her choice. The refund of the charges and interest will be applied to the account the charges were paid from. It clarified that Miss M holds five accounts with it – two being current accounts. It also said that, in the hypothetical examples available to Miss M, if she wanted to avoid an arrangement marker on her credit file then she'd be repaying her*

overdraft under the normal terms with the charges switched on. It accepted this didn't change the outcome of the complaint as my decision set out that that a credit file marker wouldn't have prevented Miss M from taking action.

### **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.

As Miss M and Lloyds have both accepted and not provided any additional comments for me to consider, I've reached the same outcome for the same reasons set out in my provisional decision (relevant extract copied above which forms part of this decision).

I uphold this complaint.

### **Putting things right**

Lloyds Bank Plc must do the following:

- Send Miss M an I&E form to assess her current situation. Upon receipt of the completed I&E form that Miss M sends back it should:
  - o Refund charges and interest applied to Miss M's account from February 2021 when her January hold ended to the date it sends Miss M's I&E form.
  - o Upon assessment of Miss M's situation it should outline the support available to Miss M. If that support freezes interest and charges then Lloyds should refund any she's paid in the interim between the I&E being sent and the suitable option being put in place.
  - o As far as reasonably possible, the communication of the above should be done by post or email.
- Pay Miss M an additional £100 for the customer service she received during her webchats and for Lloyds' inaction since she made a complaint.

### **My final decision**

For the reasons I've explained, I uphold this complaint. Lloyds Bank Plc must follow the instructions I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 6 September 2022.

Charlotte Wilson  
**Ombudsman**