

The complaint

Miss C complains about the way Lloyds Bank Plc handled a claim she made under section 75 of the Consumer Credit Act 1974.

What happened

- Miss C used her credit card to buy a car, but she had problems with it almost immediately and decided to return it to the car dealer.
- She asked Lloyds to refund her the cost of the car under section 75.
- The car dealer eventually refunded the full amount Miss C had paid for the car.
- Miss C then made a claim to Lloyds to recoup the financial losses she'd incurred while being without a car.
- Lloyds subsequently paid Miss C the full amount she'd claimed.
- Lloyds also paid Miss C £75 because it had failed to deal with her dispute correctly as it hadn't passed her claim to the right team, causing a delay.
- Miss C remained unhappy as she thought Lloyds should pay more for the distress and inconvenience it had caused.
- After investigating, our investigator concluded the complaint should be upheld. He thought the delay in considering Miss C's claim had caused avoidable distress and inconvenience. He thought Lloyds should pay Miss C £400 to put things right.
- As Lloyds had already paid £75, he thought it should pay a further £325.
- Miss C doesn't agree. She initially agreed to a payment of £400 but believed this was on top of the £75 Lloyds had already paid her.

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 agree with the conclusions reached by the investigator for these reasons:

- Miss C received a full refund for the amount she paid for the car, and a refund for the financial losses she incurred when she was without a car for several months. Miss C hasn't disputed those amounts and so I see no need to consider those matters here.
- Instead, I will focus on whether or not Lloyds has done enough to compensate Miss C for the distress and inconvenience caused by its poor service.

- Lloyds has accepted it provided a poor service. It should have referred Miss C's dispute to its section 75 team but instead another team made a decision when it shouldn't have. A correct decision was taken about three months later, following which it paid Miss C an amount to cover the consequential losses she'd incurred.
- Miss C has set out very clearly the psychological, physical and financial distress she experienced due to Lloyds' delay in considering her claim correctly.
- In summary, Miss C says she couldn't afford to buy another car in this period. And being without a car had a significant impact on her independence. She said she didn't go out as much and she had to rely on expensive local shops. She also had to rely on public transport, which meant dealing with the extra time that took and the disruption that came with it. She often had to walk long distances, and sometimes felt unsafe doing so. She wasn't able to see her family as much as she would have liked. She said the delays and disruption on public transport had an impact on her work and studies. And all of this caused stress which impacted her mental health.
- Lloyds paid Miss C £75 to apologise for any difficulty caused by its poor service. But in light of the impact of that poor service on Miss C, as I've summarised above, I think it needs to do more.
- The delays by Lloyds have caused considerable distress, upset and worry, as well as significant inconvenience and disruption. And, in light of the particular circumstances of this case, I think an amount of £400 would be a fair and reasonable way for Lloyds to put things right. To be clear, as Lloyds has already paid Miss C £75, I think it should give her a further £325.

For these reasons, my decision is to uphold Miss C's complaint.

My final decision

My final decision is that this complaint should be upheld. In order to resolve Miss C's complaint, Lloyds Bank Plc should pay Miss C a total of £400. It should pay the £75 it's already offered if it hasn't done so already. And another £325 for the impact on Miss C of the poor service I've outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 1 March 2023.

Richard Walker
Ombudsman