

The complaint

Mrs S, on behalf of the estate of Mr S, complains that Lloyds Bank PLC cannot locate a refund that was sent to Mr S's credit card account.

What happened

Ms H (Mr and Mrs S's daughter) says a holiday company issued a refund to her late father's credit card account in April 2021 due to a holiday that was cancelled during the pandemic. She says her mother (Mrs S) spent many hours on calls and branch visits to both the holiday company and Lloyds, and has now obtained the transaction number, but the money wasn't found. Ms H says that Lloyds is now requesting full details of the holiday company's bank account, but she cannot obtain that as it's confidential.

Lloyds says that as the credit card account was closed, the refund would have been placed in a suspense account. However, it says that it's unable to locate such a refund and the deadline has now passed for it to contact the merchant and claim the refund on Mr S's behalf. Lloyds says the holiday company would need to contact its bank to complete a bank trace to obtain the details it requires to trace the refund. It accepts, however, that its customer service could have been better and has paid Mrs S £100 for this.

Our investigator recommended the complaint should be upheld in part. He was satisfied that Lloyds could not locate the refund but recommended a further £50 should be paid to Mrs S for her upset and inconvenience.

Lloyds accepted the recommendation.

Ms H responded to say, in summary, that the outcome is unacceptable. She says her mother has limited means and the loss of the money will affect her health and well-being – she says Mrs S can barely afford to heat her house.

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.

Ms H has now confirmed that the total refund of £1,036.68 was split into two transactions – each of £518.34. Lloyds said the credit card account was closed so the refunds would have been placed in a suspense account, but its checks showed no refunds were received quoting Mr S's credit card account number.

I asked Lloyds to send the results of those checks, and also to confirm whether the suspense account had been searched for the refund amounts, regardless of the account number quoted. Lloyds has now sent further information:

- It confirmed that Mr S's credit card was closed on 10 December 2020, and so the refunds would have gone into the suspense account as they could not have been allocated to his account in April 2021;
- Lloyds said the refund would show Mr S's card account number as the reference and so this was the search that was carried out;
- I have seen evidence that this search, and a search of all Mr S's linked cards, showed no results;
- Lloyds said it doesn't usually search based on the amounts, but has now done so as the refunds were very specific numbers;
 - It said it searched the suspense account for the separate amounts and the total and found no results which meant that *"in the last 2 years we haven't received any payments of £518.34 or £1036.68"*.

I know this is going to be very disappointing for both Mrs S and Ms H, but I'm satisfied, based on the evidence I've seen, that Lloyds does not have the refunds.

Lloyds did add that it's possible the refunds could have bounced back automatically to the merchant, but it was unable to prove that.

I acknowledge that Lloyds paid £100 for its poor customer service, but I do find a further £50 is fair and reasonable for the upset this has caused to Mrs S.

My final decision

My decision is that I uphold this complaint in part. Lloyds Bank PLC should pay Mrs S a further £50 as it has agreed to do.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S, on behalf of the estate of Mr S to accept or reject my decision before 20 March 2023.

Amanda Williams
Ombudsman