

## The complaint

Miss S, represented by her daughter Ms S, complained about Lloyds Bank plc. She complained because Lloyds didn't refund unauthorised direct debits, and provided her with poor customer service when she was trying to get this resolved.

## What happened

In early 2022, Miss S received her Lloyds statement, and saw that there had been a £90 direct debit on 4 January to a company she didn't recognise. She contacted her daughter Ms S, who googled the company and made further investigations. Ms S was told by a legal services firm that the company named on her mother's bank statement had been transferring data to invented companies which then defrauded customers. Ms S was advised that her mother should go to her bank to stop the direct debit and claim the money back.

So Miss S went to a Lloyds branch on 8 March to do that. She didn't find the branch adviser helpful and was just told that the payment could be insurance and her daughter should google it. Miss S was sent away with nothing done. Ms S tried to sort it out by phone, but couldn't because she wasn't a joint account holder. So her mother Miss S had to go back to the branch.

Miss S went to Lloyds on 9 March. This time the direct debit was cancelled, but the branch didn't action the claim under the direct debit guarantee, so Miss S could get her money back on the fraudulent debit.

Ms S went to her mother's house to sort it out, and rang Lloyds from there with her mother present, around 12.20pm. She said the adviser was unprofessional. She'd partly explained the problem, and the adviser said he'd raise a direct debit indemnity. Ms S said that she'd continued to explain, but the adviser told her he couldn't concentrate while she was speaking, and had then said *"can you speak when I ask you to speak. I just need to get this done and I need to concentrate."* The adviser offered £50 compensation if Miss S would close the complaint, but Ms S said her mother needed to know whether more payments had been taken out. She said the adviser sighed, then spoke to his supervisor and offered £65 if she would close the complaint. Miss S was upset at being asked to close the complaint when it wasn't resolved, and the adviser told her to go to the branch again to sort out the other payments.

Miss S and her daughter Ms S then went back to the branch at around 2pm. They spoke to an adviser who told her that Lloyds' telephone banking could have sorted everything straightaway. The adviser also spotted other payments which needed refunding.

They rang Lloyds again when they got back, and the complaint was reopened and a further indemnity raised.

Miss S's bank statement shows that £90 was refunded on 9 March, and amounts of £270, £90 and £90 on 14 March. In total this was for six of the disputed £90 direct debits. A £65 compensation payment was also paid to Miss S's account the same day.

On 17 March, Miss S received a letter saying one direct debit indemnity had been declined, but no reason was given. Miss S and her daughter rang Lloyds again to sort this out. Ms S said the adviser was helpful and couldn't understand the direct debit indemnity rejection. He also spotted another payment and raised an indemnity for that as well. So there were two outstanding £90 direct debits.

Miss S and Ms S also asked for a branch appointment so that Ms S could be added to Miss S's account, to make it easier in future. They were promised a call back the next day, which didn't happen. So Miss S went to the branch again, but wasn't allowed to make an appointment because she hadn't got her bank card with her, only her driving licence.

Miss S and Ms S went back to the branch for an appointment another day, to add Ms S to her mother's account. Having waited half an hour, Miss S was told that as the account was no longer available, adding Ms S would mean having to change to a new account with a higher fee. Miss S felt she should have been told that before she booked the appointment.

Miss S and Ms S also showed branch staff the letter about the rejected direct debit indemnity. It took a long time for the branch to be able to get through to someone in an internal department by phone, and they too didn't understand why this had been rejected when others to the same company had been refunded.

On 30 March, Lloyds sent Miss S a letter saying that it was taking longer than expected to resolve her complaint, and that she could now refer it to this service. Miss S did so.

On 1 April, Lloyds sent its final response to Miss S's complaint. It upheld her complaint, and said it would pay her £40 compensation, which was in addition to £65 which it had paid on 14 March. This was credited to her account the same day. Lloyds said this was for the poor service Miss S had received when she'd called to discuss her direct debits. It agreed it should have been more helpful when she called, and asked her to accept Lloyds' apologies for the upset and inconvenience caused due to Lloyds not raising all her claims on the first call.

Miss S, represented by her daughter, wasn't satisfied and asked this service to investigate her complaint.

After this, Lloyds changed its mind about the direct debit indemnity which had been rejected. It said it agreed it should have refunded the other two payments, and paid £180 into Miss S's account on 29 June.

Our investigator said that as Lloyds had now refunded the two outstanding disputed direct debits for £180, he'd consider the service part of the complaint. He said that Lloyds hadn't been able to provide him with the call where an advisor was pushing for a resolution, but the advisors on subsequent calls had said that the service on the previous call hadn't been acceptable. And an advisor had said it could all have been completed on the first occasion, removing the need for more trips to the branch or phone calls to Lloyds. He said, however, that he thought the £105 which Lloyds had paid was in line with what he'd recommend.

Miss S didn't agree. She said it had been messy and stressful. She said Lloyds hadn't explained why it had refused two of the refunds. She also pointed out that it was very odd that the one call Lloyds couldn't provide was the first one. And she said that the time, journeys to and from the branch, and calls, should all be taken into consideration.

The investigator replied that he had taken into account the time, journeys to and from the branch, and calls. He said that from what he could see, the direct debit indemnities which

failed had done so because details hadn't matched. He also said that Lloyds had sent a list of all available call recordings, but the main call hadn't been available.

Ms S said that they'd provided the name, date and time of the call, so it felt like Lloyds was avoiding sending it, as they thought all calls were recorded. She asked for an ombudsman's decision.

### **My provisional findings**

I issued a provisional decision on this complaint. This was because I'd come to a different conclusion to the investigator. Issuing a provisional decision gave both sides the opportunity to comment on it, by the date set, before I issued a final decision

Before issuing the provisional decision, I considered all the available evidence and arguments to decide what would be fair and reasonable in the circumstances of this complaint.

#### *Regulations*

In my provisional decision, I explained that there are regulations which govern disputed transactions. There are two different sets of regulations for disputed transactions taking place between February 2014 and January 2022. These are the Payment Services Regulations 2009, and the Payment Services Regulations 2017. However, both are similar in that in general terms, the bank is liable if the customer didn't authorise the payments, and the customer is liable if they did authorise them. Here, both sides agree that Miss S didn't authorise the eight disputed direct debits. So she was entitled to have the payments refunded by Lloyds.

#### *Financial loss*

Looking first at the disputed sums, Ms S, representing her mother, helpfully listed these in her email to this service. There were eight £90 fraudulent debits between February 2014 and January 2022. I checked Miss S's bank statement and as I've set out above, Lloyds refunded £90 on 9 March; amounts of £270, £90 and £90 on 14 March. Finally, it refunded the outstanding £180 on 29 June, after Miss S had brought her complaint to this service.

This means that all eight were refunded, and there's no outstanding claim for financial loss for me to consider. I said that I appreciated that they weren't all refunded as promptly as they should have been, but this is dealt with under customer service below.

#### *Customer service*

I appreciated Ms S's concern that Lloyds wasn't able to provide this service with the call recording for the call where she said she had particularly poor customer service. Ms S's account of events was logical and persuasive, and she had been precise about dates, times and names. There was also a clear link to the narrative – for example that this call happened at 12.20 to 1.30pm, and they then went to the branch as a result of that, arriving around 2pm. So I accepted that Ms S and her mother Miss S made this call. Given the consistency of the testimony and the fact the call isn't available, there was nothing direct to challenge what Ms S says happened during the call. So weighing this up I accepted what Ms S says took place.

Miss S and her daughter had to make multiple trips to the branch, and they also had to make many calls. Not all of these encounters were successful or positive – either in the handling of the calls, or in what the advisers did. Lloyds accepted that its customer service was poor,

and that it should have been more helpful. On one of the calls, Lloyds' adviser also said – as the branch told Miss S – that it should have been possible to deal with everything on the first occasion. This didn't happen.

I considered the amount of compensation which Lloyds paid. In total it paid £105. I considered that could have been fair for the parts of this complaint which the head office call handlers dealt with. But I didn't consider it took into account a number of other factors:

- It couldn't have taken into account of M S's testimony about the distress she felt during the call, which for the reasons I've outlined I found persuasive;
- The branch service appears to have been very variable, including among other factors Miss S being sent away on 8 March without action, and the direct debit being cancelled on 9 March but the claim under the guarantee not being raised;
- At the time when Miss S referred her complaint to us, Lloyds was still refusing to refund the final two payments. It later acknowledged it should have done so. So it couldn't have considered the impact of this when making its initial offer.

For these reasons, I considered that a fairer compensation figure would be £250. For clarity, I can only consider the impact on Miss S, who was the account holder. I recognised that Ms S had a great deal of distress and inconvenience too, but I could only consider this in the much narrower way in which her daughter's distress would have impacted on Miss S the account holder. I considered that £250 would be a fair and reasonable figure for Miss S's distress and inconvenience.

Lloyds had paid Miss S £105, which would leave a further £145 to pay.

#### *Adding Ms S to Miss S's account*

In the complaint, Ms S reported that she and her mother had asked for an appointment to add Ms S to the account, to make life easier for Miss S if anything went wrong again. After waiting half an hour after the appointment time, they'd been told that Miss S would lose all benefits of the account if Ms S was added, as it was a closed account type. And there would be a higher fee if a new account type was opened. Ms S said that if they'd been told that when making the appointment, they could have avoided the extra journey.

It appeared that this was raised with the branch as a complaint, but not with Lloyds' head office. So I asked Lloyds for more information about this. I asked whether it was Lloyds' position that it wouldn't add Ms S to her mother's account (subject to the proper authority from Miss S). I asked why being a closed account type would prevent Ms S being added. I also asked whether, in view of Miss S's age, Ms S could be added as a representative, if this was what Miss S and Ms S wished.

Lloyds' replied that as it no longer offered that account type, adding Miss S's daughter would mean they'd have to change it to a different account type. It said Miss S couldn't add her daughter to the account type she currently had. Lloyds didn't answer my question about why being a closed account type would prevent Ms S being added. Nor did it reply about whether, in view of Miss S's age, Ms S could be added as a representative, if this was what Miss S and Ms S wished.

So I looked on Lloyds' website. It said:

#### *"Add someone to an existing bank account*

*As an existing customer you can turn your current account into a joint account by going into a branch.*

1. *You will need to make an appointment in one of our branches to add the second person...*
2. *Both of you will need to visit the branch and bring proof of identity [information on suitable identification] "*

This didn't say anything about restrictions if it were a closed account type. Nor did it say that existing account benefits wouldn't be available and that the account holder would have to transfer to a different account type which had a higher fee.

So I said that in response to my provisional decision, Miss S and Ms S should confirm whether or not they wished to add Ms S to Miss S's existing account. They should say whether they wish this to be as a joint account holder, or as a representative only.

I also said that if Miss S and Ms S both still wanted one of these options, I intended to order Lloyds bank to arrange a branch visit for Miss S and Ms S at a time and place convenient to them, to complete the necessary forms for adding Ms S to her mother's account.

### **Responses to my provisional decision**

#### *Miss S's response*

Miss S and her daughter Ms S said they would like Miss S's account to become joint as previously planned, providing that this didn't change the way the account was at present, with no additional fees. They said that wanted Lloyds to honour Miss S's request and confirm this to my mother in writing, and once they'd received this, they'd arrange an appointment to have it done.

Miss S and Ms S said that it had been very disappointing and stressful by Lloyds. They said Lloyds should have provided all phone recordings, because they said to customers "All calls are recorded and monitored". Ms S also said that her mother Miss S would like an apology from Lloyds for all the stressful and inconvenience this has caused her.

#### *Lloyds' response*

Lloyds said it was happy to agree to the additional compensation.

Lloyds also said that it couldn't add Ms S to Miss S's existing account, but said there might be other options available. It said it would be happy to arrange a branch meeting where the best options available could be discussed and offered, or if Miss S and Ms S preferred, they could ring a direct phone number to talk through all the available options.

I asked Miss S and Ms S for their comments on Lloyds' response. They said that before contacting this service, they'd booked an appointment with a personal banker at the Lloyds branch. They'd been so disappointed, because their appointment didn't happen on time. They'd had to wait at least 35 – 40 minutes, and could see that the Lloyds employee was more focused than what was on her personal mobile, than on the appointment. When they were eventually seen, it was when they were told they'd have to change Miss S's entire bank account to a new product, paying a different fee and losing the benefits Miss S had had on her old account.

Ms S explained that Miss S wanted the account to stay exactly how it is, without losing her benefits. She said surely there must be another way to get this.

Ms S also said that speaking to Lloyds on the phone would be very draining. She said they felt Lloyds should come up with a solution to put her mother right, by sending a letter, and then if they felt the options were reasonable they could arrange another appointment. Ms S also said that she works full-time so would have to arrange a suitable date.

### **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 reconsidered, I still find that Lloyds should pay Miss S a total of £250 compensation for the poor service she received from the branch and head office.

Looking at Miss S's wish to add her daughter to her account, I've looked closely at how this can be taken forward to achieve as good a solution as possible for Miss S. I quite understand that they wouldn't want the stress of a phone call with Lloyds. And I recognise that Miss S had a bad experience at the previous branch, with significant delay after their appointment time, and feeling the adviser wasn't prioritizing their appointment at all. I'm sympathetic to that, and can see that it wouldn't be a good idea for Miss S and Ms S to have to go back there.

Miss S has suggested that Lloyds put the options in writing for them to consider. But a conversation would mean that Lloyds could fully understand what they want – whereas the problem with a letter is that Lloyds could just list a number of different accounts but without providing any context. So they might not be any further forward.

I note that Miss S lives in a city – so there may be other Lloyds branches not too far away, which would be convenient to her. So I think the best solution may be for Miss S and Ms S to liaise with Lloyds about a different, convenient, branch, where they can go at a time convenient to them, in order to discuss with a suitably qualified and helpful adviser, how best to add Ms S to her mother Miss S's account.

### **My final decision**

My final decision is that I uphold this complaint. I order Lloyds Bank plc to:

- pay Miss S a total of £250 compensation for the poor service which she received from the branch and head office in trying to resolve the eight fraudulent direct debit payments on her account. As Lloyds has already paid £105, this leaves £145 still to pay;
- liaise with Miss S and Ms S about a different, convenient, branch, where they can go at a time convenient to them, in order to discuss with a suitably knowledgeable and helpful adviser, how best to add Ms S to her mother Miss S's account.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 7 February 2023.

Belinda Knight  
**Ombudsman**