

## **The complaint**

Mr H complains that Lloyds Bank PLC did not treat him fairly when he ran into some difficulties with his overdraft.

Just to be clear that this decision is only about Mr H's overdraft. I understand he has another complaint about Lloyds that is being dealt with separately. I can see Mr H has also complained about the way this service has handled his complaint. I understand those concerns have also been dealt with separately.

## **What happened**

A very close member of Mr H's family sadly died suddenly in 2021. I was very sorry to hear this and it must have been hard for Mr H to pursue this complaint in those circumstances.

In 2022, Mr H had to pay £10,000 for expenses that were directly linked to the death of his family member. Mr H had to pay these expenses over a very short timeframe, which caused him to have some financial difficulties over that period.

On 4 July 2022, Mr H spoke to Lloyds on the telephone. He said that he was being charged £2 per day for his overdraft and that it would be helpful if Lloyds could put a hold on the charges. During this initial telephone call, Lloyds paid £30 to Mr H to reimburse some of the overdraft fees. Mr H was referred to the additional support team and a call-back scheduled for the next day.

On 5 July 2022, Lloyds called Mr H back. Mr H said he expected his finances to improve in the coming months and that if he was able to take out secured borrowing on his property, the overdraft would be settled in full. He had an upcoming mortgage appointment about this.

Lloyds said that if it set up a formal arrangement for his overdraft straightaway, his upcoming mortgage application could be detrimentally affected. It suggested that if the mortgage wasn't agreed, he could call back and it could progress a payment plan.

On 13 July 2022, Mr H called Lloyds again. He said that he wanted to go forward with the payment plan that was suggested on 5 July 2022 and that he no longer wanted to pursue the mortgage application. Lloyds agreed to refund £100 in overdraft fees to Mr H and this was paid into his current account on 14 July 2022.

However, Lloyds did not offer the same payment options as those which was suggested on 5 July 2022. Instead, Lloyds offered to freeze interest and charges on Mr H's account and to reduce his overdraft by approximately £13 per month for a maximum period of three months. Mr H did not accept this arrangement. A complaint was then raised.

By way of a final response letter, Lloyds offered to pay £60 to Mr H in compensation. Mr H did not accept the final response letter because it said it contained several inaccuracies. On 3 August 2022, Mr H spoke to Lloyds again. By this point, he was behind with a utility bill and Lloyds then agreed to put a hold on his overdraft charges for 30-days.

In the meantime, Mr H had complained to this service. Our investigator ultimately thought the compensation Lloyds had already paid was fair. Mr H did not agree and so the matter was passed to me for an ombudsman's decision.

I issued a provisional decision in this matter. I said:

"As things stand, I intend to find that Lloyds should do more to put things right for Mr H. I'll explain why below.

As I said above, I am very sorry to see that Mr H's family member died recently. I also understand he has been dealing with some very significant medical conditions. I can see how pursuing this complaint over the past few months in those circumstances must have been very difficult.

The issues raised in Mr H's complaint all appear to flow from the telephone call he had with Lloyds on 5 July 2022. I have listened to that call in some detail and my provisional view is that the information given to Mr H at that time was confusing and could have been clearer.

I say this because it appears Mr H was initially seeking a temporary hold on his overdraft charges until his further mortgage application was dealt with. Mr H made clear that his financial difficulties were temporary and that his situation was likely to improve very quickly over the coming months.

However, Mr H's request for a temporary hold did not appear to have been dealt with during this call. Instead, Lloyds told Mr H that it could look to reduce his overdraft to £0 and then freeze interest and charges. There was also a discussion about setting up a payment plan, which would also allow Lloyds to stop all the interest and charges on his overdraft.

It was not until Mr H spoke to Lloyds on 3 August 2022 that a temporary hold was agreed. It seems to me there was very little difference between Mr H's situation on 5 July 2022 and 3 August 2022. Lloyds appeared to indicate on 5 July 2022 that if any help was offered by way of freezing charges that his mortgage application could be affected. However, the evidence I've seen doesn't suggest the action that was taken on 3 August 2022 affected Mr H's mortgage application. It doesn't appear to have been a formal arrangement that was reported to a credit reference agency. It is not clear to me why this temporary hold on charges was not considered earlier.

I have also listened to the further call between Mr H and Lloyds of 13 July 2022. Having done so, it seems that what Mr H understood from the call of 5 July 2022 is that Lloyds would reduce his overdraft to £0, but that he would still have been able to use his overdraft. I say this because he referred to being able to withdraw funds up to the maximum and then use the overdraft again the following month.

However, where an overdraft has been reduced to £0 and a payment plan arranged, the overdraft facility would have been withdrawn. So it is not the case that he would have been able to still use the overdraft in those circumstances. In my provisional view, it was not clear what Lloyds was suggesting to Mr H by way of a payment plan and what the implications of that would be.

I can see why it would have been frustrating when Mr H spoke to Lloyds again on 13 July 2022 and the options he thought had been promised on 5 July 2022 were not offered in this subsequent call.

I think there was an opportunity for Lloyds to clarify what the options were and clear up any misunderstandings when Mr H complained. However, Lloyds did not speak to Mr H directly to clarify his complaint. Listening to a call recording of 19 July 2022, I can see Mr H requested a call from his complaint handler after 2.30 that day, but the complaint handler then said she would contact him at 2-2.30pm. When this call was then returned at 2pm, Mr H was not available.

A final response letter was then sent out and my provisional view is that it does not accurately reflect the complaint Mr H made. The final response letter referred to Mr H believing that Lloyds had offered to write off the overdraft. I agree with Mr H that he had not at any point suggested or believed that Lloyds should or would write off the

overdraft. I can see why Mr H believed the final response letter essentially dealt with a complaint that he had not made and why this would have caused further frustration for him.

With all of this in mind, my provisional view is that Lloyds will need to take action to put things right for Mr H. Lloyds had noted that due to the death of his family member, Mr H should be treated as vulnerable. I can see how the issues I have identified above would have caused Mr H some stress, particularly when the primary reason for his contact with Lloyds was directly linked to the expenses that had arisen following the death of his family member.

I can see that Lloyds did refund some of the overdraft charges and nothing further was charged after 3 August 2022. Following the final response letter, Lloyds also paid £60 in compensation to Mr H. With all of this in mind, my provisional view is that Lloyds will need to pay a further £150 to Mr H to compensate him for the issues I have identified above."

I asked the parties to provide me with any further information or evidence they wanted me to consider before I issued a final decision before 11 May 2022. I also said that if both parties responded in advance of that date, I may be able to issue my decision sooner.

Lloyds responded to say that it accepted my provisional decision.

Mr H sent two detailed responses. By way of very brief summary, he did not think the additional compensation of £150 I had suggested was fair. He set out in detail his discontent with the way his complaint had been handled by this service. He said he thought the difficulties set out in his complaint had a significant impact on his health such that he nearly died.

Mr H reiterated his view that if Lloyds had not retracted its offer, he wouldn't have needed to add further borrowing to his mortgage because he could have used his overdraft up to £1,700. He also restated the concerns he had about the way Lloyds had handled his complaint.

### **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 am grateful to both parties for swiftly providing their respective responses, which allows me to issue my final decision now.

After considering both responses at some length, I've decided to uphold the complaint to the same extent as set out in my provisional decision.

Mr H has set out at length his unhappiness at the way this service has handled his complaint. I can see he feels very strongly about this. But I need to make clear that I cannot look at the way this service has handled his complaint. The reason for that is that I am looking at the actions of Lloyds in this final decision. I cannot hold Lloyds responsible or require Lloyds to pay compensation to Mr H in consequence of the concerns he raised about the way the ombudsman service dealt with him. I said above, I understand his concerns about the ombudsman service's investigation into the complaint have been or will be dealt with separately and are outside the scope of this decision.

I've thought very carefully about what Mr H told us about his health in response to my provisional decision. I can see Mr H has been through a very difficult and concerning time with his health lately. I wish him a speedy recovery.

It is clear that Mr H considers the way Lloyds dealt with him to have been a significant contributing factor to the decline in his health. When I'm considering a complaint, I have to apply the balance of probabilities. In other words, I must decide what most likely happened

based on the evidence before me. I know Mr H feels strongly about this part of his complaint. But looking at all of the information I have, I can't reasonably say I've seen enough to say Lloyds' lack of clarity was responsible for Mr H's very significant health conditions or that it could have reasonably foreseen that its unclear communication could lead to such difficulties.

I know Mr H reiterated his view that if Lloyds had stood by the offer it initially made to him, he could have avoided additional borrowing on his mortgage. But, as I said in my provisional decision, even if Lloyds had implemented the payment plan on 13 July 2022 and reduced his overdraft to £0, I think the facility would have most likely been withdrawn and he wouldn't have been able to run the overdraft higher at that point. That's what I think Lloyds should have made clearer when Mr H made contact on 5 July 2022.

Mr H has made clear that he doesn't think the additional payment of £150 that I suggested is sufficient. However, I have to balance the amount of compensation I am recommending with what Lloyds has already attempted in putting things right. As I said above, Lloyds had already refunded £130 in overdraft fees and paid £60 in compensation. It also froze interest charges after 3 August 2022. With that in mind, my view remains that requiring it to pay a further £150 to Mr H is fair and reasonable in all the circumstances of this complaint.

### **Putting things right**

Lloyds must pay a further £150 to Mr H to compensate him for the matters I have set out above.

### **My final decision**

I require Lloyds Bank PLC to pay a further £150 to Mr H.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 6 June 2023.

Nicola Bowes  
**Ombudsman**