

The complaint

Mrs L has complained that when she tried to use the mobile phone cover, which provided as part of a Premier packaged account that she took out with Lloyds Bank PLC, she was told by the mobile phone insurance provider that it did not have any records of her being covered.

What happened

Mrs L attempted to make a claim under the mobile phone cover which she held as part of her Premier account. Mrs L says she was informed by the insurer that it did not have records of her being covered.

A few days later Mrs L contacted Lloyds and was informed it was an IT issue at Lloyds' end, that caused the insurance provider to be unaware that she had cover in place. Lloyds apologised and paid Mrs L £100 for the distress caused by this issue and a further £100 to cover the excess fee for making a claim under the policy. Mrs L wanted all the fees that she paid for the Premier account since 2020 refunded and therefore she referred her complaint to this service.

Lloyds has since found out that Mrs L was still not registered as covered by the mobile phone insurance provider, so it has increased its offer by a further £50.

One of our adjudicators looked into this complaint and he concluded that whilst Lloyds had made an error, the offer of £250 that it had made was fair and reasonable. Mrs L did not agree and therefore her complaint was passed to me to issue a final decision.

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.

We've explained our approach to complaints about packaged bank accounts on our website and I've used that to help me decide this complaint.

It is clear that Lloyds had made an error and neither party disputes this. Therefore, I need to consider whether the offer that Lloyds has made is reasonable, given the overall circumstances of this complaint.

Mrs L has said that when she phoned the mobile phone insurance provider, she was told that as she was not covered, she should get all her Premier account fees back as. After all, if she was not covered what was she paying for. I understand Mrs L's reasoning on this. But our role is to generally put a consumer back into the position that they would've been in had Lloyds not made an error.

In this instance asking Lloyds to refund all the Premier account fees would mean that Mrs L would be in a position where she didn't have any mobile phone cover – but she did eventually get her mobile phone claim resolved. So refunding all of the Premier account fees would essentially place Mrs L back into a position more advantageous than if nothing had gone wrong. So I can't reasonably ask Lloyds to refund all the fees Mrs L paid

When considering the level of an award, I need to consider how long it took to rectify the matter and cases that share similar features. In this instance, I recognise that it would've been distressing for Mrs L to be told that she didn't have mobile phone cover when she did. But Lloyds did accept it was at fault and try to resolve matters by offering to pay an award to reflect the fact that Mrs L was inconvenienced by its error. So considering all the circumstances, I think that the £250 offered in total by Lloyds is a reasonable award and in line with what I would have recommended, had it not made such an offer. So I think what is has agreed to do is fair and reasonable.

I note Mrs L's concerns that if something more serious had occurred then she may had a greater issue - such as not being recovered if her car broke down or not being covered if she had to make a travel insurance claim. But I can only consider what actually went wrong, rather than what could have gone wrong. Also, I would like to assure Mrs L that Lloyds have double checked and the various insurers have confirmed that they have Mrs L as registered for cover.

Overall and having considered everything Lloyds has done something wrong but what is has agreed to do is reasonable.

My final decision

My decision is that Lloyds Bank UK PLC ("Lloyds") needs to pay £250 in total to Mrs L to put matters right, minus what it has already paid Mrs L.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs L to accept or reject my decision before 13 September 2023.

Charlie Newton
Ombudsman