

The complaint

X complains that they have been treated unfairly over several years by London Community Credit Union (LCCU), which has led to them suffering losses.

What happened

X has made many expressions of dissatisfaction to LCCU since 2020 but has not been provided a final response letter to any of them.

The unresolved issues included:

- X has had frequent difficulty accessing their statements, and what they have received show discrepancies in the account balances.
- A savings account X thinks LCCU has lost.
- X submitted a Subject Access Request (SAR) that was not responded to.
- There are instances of payments being deducted twice instead of once – a £1 payment to a food delivery firm; and payments of £589.99 and £151.32 to credit cards that X holds
- LCCU charged X £5 for a lost card, when they had not reported the card as lost.
- It was agreed a £10 direct debit fee would be refunded by LCCU, but this didn't happen.
- Payments from X's account were regularly declined by LCCU, despite have enough money in the account to cover the costs.
- X applied for a loan, but it wasn't processed in time. They were told they'd have to reapply in branch, but this was at a time when those with clinical vulnerabilities were advised to stay at home.
- LCCU have not responded to X's hundreds of attempts to contact them.

X told our service that because of these issues they'd had to borrow money elsewhere, which led to them paying more interest that they would have. They said this had impacted the interest rates available to them. As they couldn't access their funds in their account, they'd had to delay shipping a painting they'd purchased, which meant the shipping costs went up from £200 to £1,200.

As X received no response from LCCU they referred the complaint to our service. One of our investigators asked LCCU for further information but did not receive a satisfactory response. As such, they upheld X's complaint. They said:

- LCCU should provide access to statements for all of X's accounts.
- The statements provided by X showed a different balance to the online banking screens for the same balance. LCCU hadn't provided an explanation for this, so they asked for the higher balance to be made available to X, and for the online banking to reflect this.
- They could see X had submitted a SAR, but could not see LCCU had responded. They asked for LCCU to complete the SAR.

- The merchant for the £1 payment confirmed LCCU should have released this payment after a few days. There was no evidence LCCU had ever done so, so they asked for it to be refunded, plus 8% simple interest per annum.
- X had demonstrated that only a single payment had been credited to each credit card account, and LCCU had not provided an explanation for the duplicate payments. They asked for the amounts to be refunded, plus 8% simple interest.
- LCCU hadn't shown that X reported a debit card lost. They asked for the charge to be refunded, plus 8% simple interest.
- There were emails demonstrating LCCU had agreed to refund the £10 direct debit charge, but no explanation of why this hadn't been done. They asked for this to be refunded.
- X had demonstrated that their debit card was declined when there were funds available. LCCU hadn't provided an explanation for this. X had also shown they were charged £5.69 for a phone call attempting to resolve this. They asked for this charge to be refunded.
- They hadn't received any evidence of X making a loan application or being told to go in to branch to complete it.
- They couldn't reasonably conclude that the increase in shipping costs of X's painting was down to the actions of LCCU.
- They accepted X's credit score had decreased but weren't persuaded that this was down to the actions of LCCU. And they couldn't conclude that this has led to higher borrowing costs for X.
- But they accepted LCCU had caused X a significant amount of stress and inconvenience in their handling of X's accounts, and by not responding to the complaints. They suggested LCCU pay X £200 in compensation to reflect this.

In response LCCU accepted this as an outcome. X disagreed, saying they had not had correct statements since 2017. They thought there were other amounts that had gone missing from their account. They asked LCCU to investigate whether there had been fraud on their account. They said they were having difficulty agreeing to the outcome as they didn't feel they had the full information available to them.

As no agreement could be reached the complaint was passed to me to decide.

After review I broadly agreed with the investigator's outcome but felt the redress should be higher. I issued my provisional decision that said:

I can see that X has raised numerous issues with LCCU. And LCCU has not done a good job at responding to their complaints and concerns. This decision will concentrate on the issues X raised with our service at the point the complaints were referred to us. If there are ongoing issues, or new issues X has they will have to direct them to LCCU in the first instance.

I want to assure X I've reviewed and considered all their submissions to our service. If I haven't commented on something in particular it isn't because I have ignored it or failed to take it on board. Rather it's because I do not see the need to comment on it directly when reaching a fair outcome.

Account statements and balances

The primary duty of LCCU when providing accounts is to ensure that they securely hold their consumer's money, and any transactions are executed and recorded correctly. From what X has sent us there is a discrepancy in the statements between the pdf statements provided and what the online banking is showing.

LCCU didn't provide an explanation for this. X has provided us with a screenshot of LCCU's website which states that there may be problems with the displayed balances, so there appears to be a known issue. It's not the role of our service to audit accounts to ensure their accuracy, but in the absence of any explanation for the difference I see it's reasonable for X to rely on the higher of the two balances to be available to them.

Based on what I've seen, these appears more likely to be accurate. The latest statement I have from X shows the balance as £1,092.20 on 3 May 2023, so LCCU should ensure the balance is reflected from that date onwards. I can also see from the statements available there is a savings account which X has made transfers in to and out of, so I'm satisfied it's not lost.

LCCU should provide X with statements as far back as they are available.

Disputed payments

LCCU have already agreed to refund the disputed payments for £1, £589.99 and £151.32, and add 8% simple interest per annum from the date of payment to the date of settlement. I see this is a fair way to resolve these disputed transactions. The money is refunded to X. And the interest award is to recognise the period that X hasn't had use of the funds, and any missed opportunities associated with this. This is in line with our service's approach to disputed transactions.

X has commented that there are further transactions they dispute, or don't recognise. But we haven't received any specific details about the dates or amounts of these enough to investigate further. They have mentioned an amount of £43.11, but I've not seen a specific transaction of this amount to investigate. So, I can't say LCCU should refund this amount.

I also note X has shown evidence they asked LCCU to only pay a certain amount of a direct debit. But when a direct debit is set up it's the merchant who selects how much is taken, and when. This is different to a standing order, where the consumer sets and amount to be paid regularly, and the bank is responsible for following these instructions.

For example, if a direct debit is set up to pay an energy supplier, the supplier would select how much they are taking and use the direct debit mandate to pay this from the account. It wouldn't be up to LCCU to choose the amount, or limit how much can be taken – and in any case declining to process direct debits could potentially leave someone in debt to the merchant. So, I can't say LCCU have done anything wrong here.

As mentioned above it's not the role of our service to audit accounts. We can look at individual transactions and make a finding on whether we think they were likely authorised or not. So, without specific transactions to consider I can't fairly ask LCCU to review anything further.

But it's clear there has been problems with how LCCU have been displaying the available balance on X's accounts. So, if there are further transactions X believes are fraudulent or mistaken, then they should refer them to LCCU in the first instance.

Fees, charges and costs

LCCU have already agreed to refund the disputed £5 card replacement fee and include the 8% interest on this. This is a fair way to resolve this situation.

They also have now agreed to refund the £10 unpaid direct debit fee, which is reasonable.

X was charged £5.69 in phone charges when trying to resolve the issue with their debit card being declined, which LCCU have now agreed to refund.

Overall, I'm satisfied that it's fair that LCCU have refunded these various fees and charges X has incurred.

I've considered what X has said about the increase in shipping costs for their painting. But I can't see that there is a direct relation to the cost of shipping increasing, or that it could have been reasonably foreseeable to LCCU. I'm also aware that at points X would have had the funds available to pay the shipping costs; or access to funds elsewhere to pay for it. So, I'm not persuaded that it's reasonable to ask LCCU to cover any increase in cost.

Subject Access Request

I'm satisfied that X provided a valid request for a SAR in January 2023, and X failed to action this. They have now agreed to do so, which I see as a fair way to resolve this issue. It's likely the SAR will include the statements X has asked for.

Loan application

LCCU have said they don't have a record of any active loan applications. Having reviewed what X has provided I can see they contacted LCCU about a loan application in December 2021, saying they couldn't complete it online. But I haven't seen enough to conclude that X had a loan application stopped or was told to attend branch to complete it.

As the loan application doesn't seem to have progressed, I can't say for certain whether X would have been approved for a loan or not. So, I can't say there are any specific losses associated with any loan application, such that LCCU should be responsible for.

Declined payments

X has sent us evidence of many payments attempted using their LCCU debit card. There could be many reasons for a payment to be declined. But from what I've seen in many of the cases there should have been enough funds available in the account, so I don't think a lack of available funds is the primary cause.

LCCU haven't commented on this, but given the frequency of declines I can appreciate it would be incredibly frustrating to X. They've shown they had to set up a second bank account to make payments that LCCU had declined, which has mitigated their circumstances somewhat. But I'm minded that LCCU haven't treated them fairly in continually declining these transactions.

Impact on credit file and cost of borrowing

I've considered the evidence provided by X, that shows their credit score has declined, and that also the interest charged on their credit cards has increased.

The credit score provided by a credit reference agency is an indication of credit worthiness – it isn't necessarily used by lenders when judging whether to lend, or at what cost. Each lender will likely judge this based on their own lending criteria. I've seen nothing to suggest that any information reported by LCCU to credit reference agencies has impacted any third party lending decisions – or that any information they report externally has been inaccurate. So, I can't see they've done anything unreasonable here.

Likewise, the increase in interest rates on credit cards will be down to the lender. I note the interest rates have increased in the time that X has been having difficulty with LCCU. But this was also a period where interest rates in general were increasing. Again, I've seen nothing specific to show that the increase in the cost of borrowing is down to the actions of LCCU. I'm not persuaded these increased costs are something LCCU can be held liable for.

Customer service

X has demonstrated that they attempted to contact LCCU about the various issues they've faced with their account on numerous occasions – by email, phone and through the website. I can see there were occasional responses, but there doesn't appear to have been a concerted effort from LCCU to engage with the issues X raised. And I've seen nothing to suggest various complaints were logged or responded to.

X is a vulnerable individual, and I'm satisfied that LCCU would have been aware of this. While I haven't necessarily agreed with all their complaint points, I don't consider any of the issues raised to have been frivolous, or vexatious. These are all legitimately held concerns about the running of the account. So, I can't see a reason it wouldn't be appropriate to respond to these concerns.

It's clear the information being provided by LCCU about the balance was contradictory. It's also very clear how frustrating and upsetting this was for X. It took over a year before any kind of resolution was reached for them. I can see how X will feel very let down by the service received. In the circumstances I think it's appropriate for LCCU to pay them compensation for the upset caused.

If X raises any complaints with LCCU in the future, they should acknowledge and respond to the complaints in line with the Financial Conduct Authority's handbook.

To put things right I suggested LCCU do the following:

- X should be provided with statements of their account as far back as they are available.
- The balance of the account be corrected to show the higher of the two balances presented – as of 3 May 2023 this was £1,092.20
- The disputed payments of £1, £589.99 and £151.32 be returned to X's account. These refunds should also have 8% simple interest per annum added, from the date the payment left the account to the date the money is returned to X.
- The £5 card replacement fee be refunded, along with 8% simple interest per annum from the date of payment to the date of settlement.
- The £10 unpaid direct debit returned to X.
- Pay X the £5.69 costs of the phone calls to LCCU.
- Respond to X's SAR.

Considering compensation, I was minded that there are several overlapping issues that X raised and didn't receive a response. Given how long the issue had gone on, and the lack of responses from LCCU I was minded that there should be an additional £300 compensation to the £200 already paid.

Neither party responded to the provisional decision before the deadline. As such it now falls on me to issue my 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.

Having done so, and without any new evidence or comments from the parties to consider, I remain satisfied with the conclusions reached in the provisional decision.

To resolve this complaint LCCU must ensure they carry out the actions outlined in the provisional decision – including the additional £300 compensation.

I would also like to remind LCCU of their ongoing obligations to acknowledge and respond to any complaints X may raise in future.

My final decision

My final decision is that I uphold this complaint and direct LCCU to settle it as outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask X to accept or reject my decision before 8 December 2023.

Thom Bennett
Ombudsman