

## **The complaint**

Mr and Mrs M have complained that Lloyds Bank PLC gave them an incorrect redemption figure over the phone.

## **What happened**

Mr and Mrs M took out this mortgage in 2002. They borrowed £55,000 (£35,000 on an interest only basis and £20,000 repayment) over a ten-year term.

On 8 September 2023, Lloyds produced a redemption statement which said that if the mortgage was redeemed on 15 September Mr and Mrs M would need to pay £35,638.82. It said the daily interest amount was £7.10, so that amount needed to be added onto the sum due for each day after 15 September. That meant, for a redemption date of 21 September the sum due would be £35,681.42 (£35,638.82 plus £42.60).

Mr and Mrs M called Lloyds on 21 September and were told, in error, the amount needed to redeem the mortgage was £34,854.68 and Mr and Mrs M made that payment.

The following day Mr and Mrs M phoned Lloyds to confirm receipt of the funds. When they discovered there was a shortfall remaining Mr and Mrs M raised a complaint. Mr and Mrs M said they'd been in a branch of the company they bank with and made the payment there and then, phoning to check the correct amount was being paid. They said they made time to go to the branch, and they can't spend more time trying to sort out the shortfall. They wanted Lloyds to write off the shortfall.

Lloyds responded to the complaint, apologising for the misinformation it gave on the phone and for that it paid £150 compensation to Mr and Mrs M. However, it said it couldn't waive the shortfall as that sum was always due, and the redemption statement set out the figures. It said it wouldn't charge any interest on the shortfall amount.

Our Investigator didn't uphold the complaint, saying that whilst Lloyds had made a mistake as it gave the wrong redemption figure to Mr and Mrs M on the phone, it had given the correct information in writing in the redemption statement. She said that had the correct information been given on the phone then Mr and Mrs M would have needed to pay £35,681.42 and Lloyds isn't expected to accept the lower amount so Mr and Mrs M will need to pay the shortfall. She felt the £150 compensation offered by Lloyds was fair.

Mr and Mrs M didn't agree, saying they double checked with Lloyds before making the payment, and they don't think they should have to pay as the bank made a mistake.

## **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.

It's not in dispute that Lloyds gave Mr and Mrs M incorrect information. It has admitted that and has paid £150 compensation. So all I need to decide is if the compensation Lloyds has

already paid is fair, or if something more needs to be done to put things right.

In the phone call Lloyds misled Mr and Mrs M into thinking their redemption figure was lower than it actually was. This is what we call a misrepresentation; that is, Lloyds gave incorrect information to Mr and Mrs M about the redemption figure for their mortgage.

When we're looking at complaints about misrepresentation we consider the appropriate remedy is to place the consumer in the position they would be in if the incorrect information hadn't been given. We don't put them in the position they would be in if the misinformation had been correct (that is, Mr and Mrs M could redeem their mortgage for an amount that was less than was due). The misinformation was corrected the following day when Mr and Mrs M were told the figure that had been given the day before was wrong.

If nothing had gone wrong then Mr and Mrs M would have been given the correct figure on the phone on 21 September and they would have paid that amount (not the lower amount they did pay). They could never have been in the position where they could redeem their mortgage by paying £34,854.68.

For that reason, there are no grounds for me to order Lloyds to do anything further in respect of this issue such as waiving the shortfall amount, either in full or in part, as that is money Mr and Mrs M owe to Lloyds.

To repay their mortgage in full Mr and Mrs M need to pay Lloyds the shortfall amount. Lloyds has said that it will waive the interest due on that sum from 21 September 2023 and I agree that is fair for the period whilst this complaint has been ongoing.

Lloyds has paid £150 compensation for the distress and inconvenience caused to Mr and Mrs M in this matter. Whilst I acknowledge how frustrating it is when a business makes a mistake, mistakes do happen. In this case it was simple human error that meant Mr and Mrs M were given incorrect information about the redemption figure, but that information was corrected the following day. Having considered everything very carefully – including our normal level of award and what we've awarded for other similar issues – I'm satisfied that is a fair level of compensation as whilst Mr and Mrs M will be inconvenienced by now having to make a second payment to fully redeem the mortgage, I'm satisfied £150 is sufficient to acknowledge that.

### **My final decision**

I don't uphold this complaint. Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs M to accept or reject my decision before 9 July 2024.

Julia Meadows

**Ombudsman**