

The complaint

Mr and Mrs J complain that Lloyds Bank PLC delayed making a CHAPS payment, and about the impact this had on them.

What happened

Mr and Mrs J's mortgage was approaching the end of its fixed-rate period, and so, to avoid paying a higher rate of interest, they intended to redeem their mortgage before it moved to a higher, variable rate.

They've explained that their mortgage provider, which I'll refer to as G throughout this decision, agreed that if payment was made on 2 May 2023, Mr and Mrs J would avoid paying further interest. But, G said, if the payment was made later than that, they would be charged interest from, and including, 1 May 2023, up until the date of payment.

As the redemption figure exceeded the faster payment limit, the payment needed to be made by CHAPS. Lloyds told Mr and Mrs J they would need to visit a branch on 2 May 2023 to ensure the CHAPS payment was made on time. Mr J enquired further and was told instruction could be sent by post ahead of 2 May 2023. Alternatively, he or Mrs J could take the letter to branch for it to be sent internally to the right department.

Mr and Mrs J were concerned about the security of sending their bank details in the post, so wanted to visit the branch instead. But Mr J would soon be out of the country, so couldn't attend either on 2 May or before. And Mrs J was recovering from a matter involving her health, making it very difficult for her to go.

Seemingly, feeling there was no other viable option, they decided that Mrs J would visit the branch in person. But Mrs J wasn't sure she'd be well enough to attend on 2 May, so hand-delivered the letter ahead of this date, on 25 April, to ensure their instruction could be internally transferred to the right department in time to make the payment. However, Mr and Mrs J have said that on the working day before 2 May, Lloyds told them the requisite division of the bank hadn't yet received the letter. So, on 2 May, to ensure the payment would happen in time, Mrs J managed a second visit to branch where she was assured the payment would be made that day.

But while checking his account on 3 May, Mr J noticed the payment hadn't been made to G. Both he and Mrs J attempted to contact Lloyds over the phone numerous times, but neither could get an answer or reply from the branch, despite their private banking adviser assisting them.

The CHAPS payment went through later on 3 May, but this was a day outside of the agreed window given by G. Fortunately, G agreed to waive the interest, but, Mr and Mrs J say, this was due to several calls they made to G, and the agreement wasn't confirmed in writing until 15 May – meaning they were unsure whether the interest of over £500 would be payable.

Mr and Mrs J complained to Lloyds about what had happened, and the stress it caused them, particularly due to Mrs J's health matters. In its final response Lloyds agreed with the complaint, apologised, and said it would arrange for £175 to be credited to their account.

It said the branch had attempted to make payment on 2 May but hadn't realised there had been an issue until the next day – at which point they tried again, this time successfully. Lloyds accepted the branch should have made Mr and Mrs J aware and stated feedback had been provided. The letter also said Lloyds was sorry to hear the letter delivered by Mrs J was late in reaching the Private Banking Department.

Mr and Mrs J didn't think Lloyds had done enough. They felt their complaint warranted more compensation to reflect the stress the situation had caused, so they brought their complaint to our service.

Our investigator said she felt the £175 offer did enough to put things right. She noted that Lloyds made an error but had agreed to cover any costs incurred – such as interest or phone calls. She acknowledged the stress of the situation but added she could only ask Lloyds to compensate them for what had happened, and, as the interest was waived, and the payment was made within a relatively short time, she wouldn't be asking Lloyds to do more.

Mr and Mrs J disagreed with the investigator's view of their complaint and asked for an ombudsman's decision.

I issued my provisional decision on this complaint. It said:

I'm pleased to learn that G waived the interest Mr and Mrs J would have been charged, and note Lloyds' offer to reimburse the sum, had it not already been waived. So, I'm satisfied there's no financial loss in this respect.

Therefore, with no financial loss evidenced by the complainants, my decision centres around the £175 offered by Lloyds, and whether it does enough to compensate Mr and Mrs J for the impact of Lloyds' failings.

I've thought about these failings, starting with the delay in making the CHAPS payment. Lloyds has told me the payment was attempted on 2 May, but that it failed to go through due to an issue with an authenticator code. It has said the branch wasn't aware of the issue until the following day. Mr J believes this is because he informed the branch, whereas Lloyds states the discovery was made by the branch during its checks the following day. In either case, Lloyds successfully reattempted the payment on 3 May – a day after it should have gone through.

It isn't in dispute that Mr and Mrs J were not at fault for the payment happening a day later than it was supposed to, and that Lloyds should have made them aware sooner. Mr J has said the delayed payment led to a period of around 12 days where he and Mrs J were unsure whether G would charge them interest on their outstanding mortgage balance, and whether Lloyds would reimburse them if so. I understand from having spoken with Mrs J that they would likely have been able to cover the interest payments, despite it being a stretch. But I do recognise there would have been some degree of distress and inconvenience in the potential for monetary loss.

I've also thought about the two visits made by Mrs J. Lloyds gave Mr and Mrs J the option of visiting the branch or sending a letter. Mr J has told me his private banker agreed with him that hand-delivering the instructions would likely be safer and quicker than posting them. Lloyds has been unable to provide the call recordings of Mr J's conversations with his private banker, but I have no reason to doubt what he has said.

The terms for the account only give the option to request a CHAPS payment at a branch counter. And so I think Lloyds' offer of sending or delivering a letter was more than its terms required it to do. As a result, I think it did enough to accommodate Mr and Mrs J's circumstances. But, given that attending the branch was offered by Lloyds as an option, Mr and Mrs J should reasonably have been able to expect a single visit sufficient to facilitate their CHAPS payment happening on time.

As mentioned above, Mrs J made two visits. The second visit was in response to the branch informing her that, on the working day before 2 May, the instructions were yet to be received. While it was ultimately Mr and Mrs J's choice to make a second visit, I've thought about what would have happened had Mrs J not gone into branch again.

Lloyds has provided a screenshot of its systems which indicates that the hand-delivered instructions, presented by Mrs J on 25 April, were not received by the correct department until 5 May – three days after the CHAPS payment needed to be made. Lloyds has said it's possible the instructions were received sooner but not recorded on the system until 5 May. In either case, I'm not satisfied that Lloyds was in a position to carry out Mr and Mrs J's instructions by 2 May, despite having been presented with them more than 24 hours in advance – the period Lloyds has said in its final response that it should take correspondence to reach the right department. Because of this, I think Mrs J was justified in her attempt to mitigate her and Mr J's loss with a second visit.

Mrs J has provided us with information in relation to her health issue. From what I've been told, I think it likely that she would have avoided visiting the branch if she could, but given Mr and Mrs J's security concerns, felt it was the only viable way forward. So there's a balance to be struck here. Ultimately it was Mr and Mrs J's choice to attend the branch both times, though I accept their reasons for doing so. But Lloyds' failing caused undue distress and inconvenience, and seemingly necessitated a second trip by Mrs J. Because of this, I don't think the £175 offered by Lloyds does enough to address the overall impact of its failing. Instead, I think Lloyds should pay an additional £175, bringing the total award to £350.

Mr and Mrs J have asked for the cost of their calls to be reimbursed but haven't been able to show me any supporting evidence on which I can base calculations. Whilst Mr J has indicated the costs would be difficult to quantify, the circumstances and number of calls would likely have caused some inconvenience. I've thought about this inconvenience when arriving at a decision on the overall compensation that should be paid, as detailed above.

Both parties have responded to say they accept what I've said in my provisional 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 given that both parties have accepted, I see no reason to depart from my findings above. For this reason, I require Lloyds to pay an additional £175, bringing the total to £350.

My final decision

For the reasons given above, I uphold this complaint and direct Lloyds Bank PLC to pay Mr and Mrs J £350, less any amount already paid. It must do so within 28 days of acceptance of this decision.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J and Mrs J to accept or reject my decision before 4 March 2024.

James Akehurst
Ombudsman