

The complaint

Mr N complains that Lloyds Bank PLC didn't refund a negative balance on his credit card for several months.

What happened

In June 2023 Mr N said he was undertaking a financial review and called Lloyds for an update about a credit card he'd with them. During this call Mr N said he found that he'd a negative balance on the credit card of over £3,000. Mr N said he hadn't received any statements for his credit card and so Lloyds hadn't made him aware that these funds were available to him. Lloyds refunded the amount to him on his request and Mr N said they advised him to check his statements online. Mr N complained to Lloyds.

Lloyds said a payment had been made to the account in February 2022 for £5,150. At the time Mr N had an outstanding balance of £2,109.08 meaning this left a credit balance of £3,040.92. Lloyds said statements were sent 27 February 2022, 25 August 2022, 23 December 2022 and 23 June 2023. They said as Mr N didn't owe any monies and there hadn't been any activity on the account, they weren't required to send monthly statements. They also said post they'd sent to Mr N's address had been returned in September 2021, so a block had been put onto his account for security reasons. But said this wouldn't have prevented the statements being sent to his address. Lloyds said on request they'd refunded the monies owed to Mr N.

Mr N wasn't happy with Lloyds' response and referred his complaint to us.

Mr N said he couldn't check his online statements and had to request paper statements. He said Lloyds had since paid him £40 as a gesture of goodwill.

Our investigator said Mr N had a responsibility for checking his credit card account, and that he'd been making direct debit payments to the account prior to February 2022. He said this should have prompted Mr N to ask for statements if they weren't being received. He didn't think Lloyds had acted unreasonably, and their offer of £40 was fair for the inconvenience caused by his not being able to access his statements online.

Mr N didn't agree he said Lloyds hadn't been able to show they'd sent statements, and that they should have done more. He asked for an ombudsman to decide.

I issued a provisional decision in February 2024 that said:

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 I'm currently minded to reach a different outcome to that of our investigator. I'll explain why.

I can understand Mr N's frustration in finding out he'd over £3,000 that could have been

made available to him sooner especially given he said he was experiencing some financial constraints. In reaching my decision I've considered whether Lloyds has acted fairly and reasonably in their actions with Mr N.

In September 2021 a block was put onto Mr N's credit card account after post was returned to Lloyds. In February 2022 Mr N looked to pay off his credit card with Lloyds with a balance transfer from another account. So, during this time, September 2021 and February 2022 I agree with our investigator that the onus was on Mr N to manage his credit card account. And if he was no longer getting statements to have checked this with Lloyds.

But from February 2022 I'm satisfied Mr N wouldn't have expected any statements for his Lloyds credit card account as he would have understood the balance transfer to have settled any outstanding balance. And he hadn't made any further transactions using the credit card.

Lloyds in their final response to Mr N said that he would have received statements in February and August 2022. But this wasn't the case. In September 2021 after post was returned to Lloyds, they put a block on Mr N's credit card account. Lloyds have since confirmed that for security reasons this would have prevented statements being sent to him. Lloyds also said in August 2022 after they carried out an external trace that confirmed Mr N still lived at the address; the block was removed. But that they doubted this would have enabled the August 2022 statement to be sent. Lloyds said with the block lifted the statements for December 2022 and June 2023 would have been sent to the address they had on record for Mr N and I've no reason to doubt this.

So, I'm satisfied that from December 2022 Barclaycard had looked to inform Mr N about the status of his credit card account. But I've considered whether Lloyds could have done more between February 2022 and December 2022.

Lloyds terms and conditions say:

"You must not pay us more than you owe when you make payments to your account, or transfer funds from another credit or store card if this creates a credit balance on your account. If ever there is a credit balance on your account, we may apply it to any recent transactions not yet shown on your account, or to transactions made after the date your account goes into credit. We may also return any credit balance to the account from which the money has been sent or pay the funds into a deposit account you hold with us. We do not pay interest on any credit balances or take them into account for the purpose of any loyalty or reward schemes."

I haven't seen any evidence that Lloyds were able or tried to return the credit balance to the account the transfer was sent from in February 2022. But given paying more than was owed was something they say Mr N mustn't do. I think they could have done more from February 2022 onwards when the situation arose.

Lloyds has shown that an external trace can be done to establish the current address of a customer, so I think its more likely than not that this would have been an option for them in February 2022. But it wasn't done until six months later, in August 2022. If the block had been lifted after establishing Mr N still lived at the address sooner, Mr N might have received statements or other correspondence which could have seen him getting the monies owed to him before he did.

Lloyds terms and conditions also say:

"We provide you with a statement each month there has been activity on your account, a payment is required or if you owe us anything at your statement date. We may also provide

a statement to give you information or a reminder about your account.”

The terms are clear that where there isn't any activity or money owed as is the case here the statements wouldn't necessarily be monthly. But it was 10 months from when the account went into a credit balance until it was most likely a statement was sent to Mr N, December 2022.

Lloyds on being contacted by Mr N took steps immediately to refund the credit balance to him. And until that point Mr N wasn't aware that this money was available to him. So I've considered what impact this would have had on Mr N. He has said that he'd recently taken out a loan to help with his financial situation and the amount he sought would have been less if he'd known about the credit balance. I can't know what Mr N's financial situation would have been if he'd received the refund sooner than he did or how the refund would have been used. But I do think this has caused Mr N distress and inconvenience.

To put things right I think Lloyds should pay Mr N £150 for the distress and inconvenience caused by their poor customer service, as I think Lloyds could have done more in the 10 months between February and December 2022. And I think finding out that money could have been available to him when he'd been reviewing his finances would have been upsetting for Mr N.

Lloyds have paid Mr N £40 for advising him to check online for statements when this option wasn't available to him. As this is separate to the final response resolution to the complaint I've considered in my decision, it's for Mr N to decide whether he accepts this amount or not.

Responses to my provisional decision

Both parties accepted my provisional decision and haven't asked for any further representations to be considered.

My final decision

I uphold this complaint. And ask Lloyds Bank PLC to pay Mr N £150 (separate to the £40 they've already paid) for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 22 March 2024.

Anne Scarr
Ombudsman