

The complaint

Miss Y complained about Lloyds Bank PLC. The bank incorrectly debited £5 from her account, and she wanted more compensation than Lloyds paid her.

What happened

On 5 January 2024, Miss Y went to a Lloyds branch to withdraw £30 cash. Later, she noticed that a £5 faster payment had also been taken from her account. It had been paid to someone she didn't know, and she hadn't authorised it. She rang Lloyds.

Miss Y said she rang several times, and kept getting passed around. In a call the next day, the call handler checked what had happened. She told Miss Y it looked as if it had been a bank error, with the cashier not having come out of one customer account before going to the next customer's account. The call handler said Miss Y would be refunded for the £5, and she offered to raise a complaint for her. Miss Y said yes, she did want to make a complaint. She said she was concerned in case the cashier was doing this on a regular basis. She said she wanted to know the outcome of Lloyds' investigation into the cashier, as she didn't feel her money was safe.

Lloyds sent its final response to Miss Y on 31 January. It said it had refunded the payment back to Miss Y's account, and had provided feedback to the branch and the cashier. It explained that there had been a systems error, and a request from a previous customer had incorrectly been debited to Miss Y's account. Lloyds apologised for the worry and upset, and paid her £50 compensation.

Miss Y wasn't satisfied with the £50 compensation, and contacted this service. She said she'd spent weeks worrying, and despite making many phone calls, no-one had reassured her until recently. She said she'd been worrying that she'd wake up and find her accounts empty. She said she appreciated that she'd been told it was an IT error, but she hadn't been told how Lloyds would stop this happening again. She said she'd only recently moved her accounts to Lloyds, when she said a different bank had allowed money to go out to scammers. So she was particularly anxious because that had been a horrendous experience. Miss Y said she wanted £750 compensation.

Our investigator didn't uphold Miss Y's complaint. She explained that a small monetary amount fairly compensates an administrative error. She didn't believe the cashier had any malicious intent, but had just made a human error. She said she understood Miss Y had felt stressed, but there was a difference between Miss T's previous experience of a scam with a different bank, and the Lloyds branch cashier's mistake. And in a phone call recording, Miss Y had said that this happened in a branch, so she knew it hadn't been done by fraudsters as had happened to Miss Y with another bank. The investigator didn't think Lloyds need do any more.

Miss Y didn't agree. She said she was concerned that the investigator had said that she'd have known it wasn't a fraudster accessing her account. She said she couldn't know that for certain. She also asked if the investigator had listened to all her follow-up calls, including where she said that she had hoped it was a mistake but had grave concerns about

fraudulent activity on her account. She said she was surprised by the outcome, particularly given the sheer amount of time Lloyds failed to give her any reassurance or update. She said she wasn't satisfied with the investigator's response, and asked for an ombudsman's 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.

Lloyds repaid Miss Y for the £5 transaction, so the financial loss was corrected and there's no outstanding financial loss. So the issue for me to decide is how much compensation would be fair and reasonable for Lloyds to pay Miss Y.

Miss Y says that she was kept worrying for weeks. I've looked at the timescales. The day after the 5 January incident, Lloyds' call handler told Miss Y that it looked like a branch error, and said that Miss Y would be refunded. So Miss Y knew within a day that she would be refunded, and that Lloyds considered it was an error, not theft by the cashier as Miss Y suggested. I've checked the date of the final response to Miss Y's complaint. It was dated 31 January. Under regulations set by the regulator, the Financial Conduct Authority (FCA), banks have eight weeks to provide a final response to a complaint. Lloyds' response was well within that timescale. So I find that Miss Y knew within a day that she'd be refunded and that it was an administrative error, and she had a final response well within the FCA timescales.

Miss Y told us about her previous experience of being the victim of a scam, when she was with a different bank. She said £30,000 had left her account because of an Authorised Push Payment (APP). I'm sorry to hear of this, and understand that this would have been a very unpleasant experience. But an APP for £30,000 is a very different experience from what happened in this Lloyds incident. An APP is a type of scam where the scammer tricks the customer into authorising payments themselves, out of their own account. Here, the Lloyds branch cashier made a £5 error, which was explained on the day after the incident, with a promise made that she'd be refunded.

Lloyds recognised that the cashier's error shouldn't have happened. The next day, it explained to Miss Y how the mistake had happened, and said she'd be refunded. It issued its final response well within the FCA timescales. And it gave her £50 as an apology for the upset. I appreciate that Miss Y had had some minor frustration by being passed around when she rang. But taking all the circumstances into account, I consider £50 compensation was fair and reasonable. I consider the £750 Miss Y asked for would be disproportionate to all the circumstances here. So I don't require Lloyds to do anything more.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss Y to accept or reject my decision before 25 June 2024.

Belinda Knight
Ombudsman