

## **The complaint**

Miss N complains that Lloyds Bank PLC (“Lloyds”) removed her overdraft facility in error, causing her detriment.

## **What happened**

Miss N holds a current account with Lloyds, which has an agreed overdraft limit of £2,000. Last year, she called Lloyds to discuss her finances and asked for help with managing her account. Lloyds agreed a temporary interest freeze and put a plan in place until 10 January.

But, when Lloyds set up the plan, it adjusted the overdraft limit by mistake, reducing it to zero at the end of the plan. Miss N discovered this in January when she had problems making payments from her account. She called Lloyds on 12 January and said the situation was causing her financial difficulty. The agent said they would investigate and raised a complaint. They called her back and told her what had happened. They said the overdraft limit would be reinstated, but it could take until midnight.

Lloyds called Miss N the next day. The overdraft limit hadn’t been re-set. So, Lloyds applied an urgent limit increase which set the limit to £2,000 for 48 hours as a temporary measure to allow Miss N access to funds while the permanent limit was being re-set.

Miss N called Lloyds again on 22 January. A further 48-hour urgent limit increase was applied so that she could access funds. The permanent overdraft limit was re-set to £2,000 on 23 January, when Lloyds responded to the complaint.

Lloyds upheld the complaint and paid Miss N compensation of £174. Of this, £80 was for distress and inconvenience and £94 was reimbursement of costs she had incurred. Miss N didn’t think this was enough. She said she had called Lloyds multiple times and was on the phone for hours at a time. She said she had no access to her account between 10 and 23 January and that she had to rely heavily on friends and family to lend her money. She asked this service to look at the complaint.

Our Investigator recommended that Lloyds pay Miss N a further £100 for distress and inconvenience. Lloyds agreed to this. But Miss N didn’t agree and asked for the complaint to be reviewed by an Ombudsman. She said that Lloyds’ mistake had a significant impact on her. In particular, she said she couldn’t buy a train ticket to travel to work and had to be driven there instead, meaning she owed money for fuel. She said she had to call Lloyds to ask for access to funds so that she could buy a train ticket home. She said she also had to miss a day’s work.

Miss N also said that the situation has had a lasting impact: some of her relationships have broken down because she couldn’t repay friends and family within the timescale she’d told them. She said that’s because Lloyds took a long time to reinstate the overdraft. She said she went days without food because she had no money and was almost evicted from her flat. She has ongoing stress and anxiety about using her card. And she said late payments have been recorded on her credit file because some payments were missed when the overdraft was removed.

## **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.

Miss N started having problems with her account on 10 January and called Lloyds on 12 January. Lloyds accepted straight away that it had made a mistake and agreed to reinstate the overdraft limit of £2,000. I think that was fair. But Miss N says she didn't have access to her account until 23 January, causing her all sorts of problems. So I'm going to focus on what happened after 12 January and whether Lloyds did enough to put things right.

Lloyds told Miss N on 12 January that it could take until midnight for the overdraft limit to be re-set and if there were any problems it could organise an urgent temporary limit. The permanent limit wasn't re-set overnight and Lloyds applied a temporary limit on 13 January, to remain in place until around midday on 15 January. It was distressing for Miss N that the problem hadn't been fully corrected. But, due to the temporary limit, I'm satisfied there was no further detriment to her at this point because she had access to the same level of funds as she'd have had under her usual overdraft facility.

Lloyds' notes show that an agent checked Miss N's account on 15 January to see whether the limit had been re-set to £2,000. The notes confirm that the limit was £2,000, but the agent couldn't verify whether this was due to the temporary limit still being in place or the permanent limit having been re-set. They checked again on 16 January. Once again, the limit was set to £2,000 but the agent couldn't be sure whether this was permanent or just that the temporary measure hadn't yet been removed. Either way, I'm satisfied that Miss N had access to an overdraft facility of £2,000 between 13 and 16 January.

I find that Lloyds tried calling Miss N twice on 17 January but got no answer. It tried again on 18 January without success, so it wrote to Miss N instead, asking her to get in touch. I think that was reasonable.

The evidence I've seen shows that the next contact was on 22 January. Miss N called Lloyds and asked for access to funds to pay for a ticket home. I think this is the phone call Miss N has referred to. During this call, Lloyds applied another urgent limit increase, setting the overdraft limit to £2,000 for 48 hours. So, I find that Miss N was given the help she asked for, although I understand she may have had to monitor her online banking over an hour or so to ensure the funds were available before attempting to use her card.

I'm satisfied that the overdraft limit was permanently re-set to £2,000 on 23 January, having been incorrectly set to zero on 10 January. The temporary limits which Lloyds put in place meant that Miss N had access to funds during some of that time. The periods in which her access to funds was limited were from 10 to 12 January and from 17 to 22 January.

Lloyds accepts that the overdraft limit shouldn't have been withdrawn in the first place. But it wasn't aware Miss N was having problems until she called on 12 January. I think the steps it took between then and 16 January were fair.

Miss N didn't have access to an overdraft facility between 17 and 22 January. I think that, if Lloyds had spoken to her during that time, it would have put another temporary limit in place to help her, as it had done originally and as it did again when she requested it on 22 January. But I don't think it's unreasonable that the temporary limit wasn't in place between 17 and 22 January. That's because Lloyds told Miss N that the first urgent limit increase would be for 48 hours only (in fact it remained in place for longer than this). Lloyds tried calling Miss N after it expired but couldn't get through to her. I wouldn't expect Lloyds to put

another urgent limit increase in place without speaking to Miss N and she didn't call Lloyds until 22 January.

Miss N says she had to get a lift to work that day because she couldn't buy a train ticket and owes money for fuel as a result. I realise she feels strongly about this, but I don't think the full impact of it was Lloyds' fault. She would have had to pay for her travel to work in any event. And I don't think Lloyds could have known she needed to buy a ticket to get to work that day. If she'd called Lloyds in advance, I think it would have put a temporary limit in place so she could buy a ticket and wouldn't have needed a lift. She'd also have been able to buy a ticket home without having to wait for funds to become available that evening.

Miss N says she went without food for days because she didn't have access to funds. I'm sorry to hear about that. But I can't safely conclude it was Lloyd's fault. The evidence shows that Lloyds put an urgent temporary limit in place on the two occasions when Miss N told it she needed funds. If she couldn't buy food in the period between, I'd have expected her to call Lloyds. But I haven't seen anything which suggests she did this. So, I can't fairly conclude that Lloyds knew her situation was so dire.

In any event, Miss N's account balance was within pence of being £2,000 overdrawn between 15 and 19 January. So, even if the overdraft facility had been available for the whole of that time, she wouldn't have been able to spend on her account without exceeding the agreed overdraft limit. Therefore, I can't conclude that any problems she had accessing funds during this period were due to the overdraft being removed. And Lloyds isn't required to put her in a better position than she'd have been in but for its mistake.

However, I don't think it should have taken until 23 January for the permanent limit to be reinstated. Having identified the error and agreed to correct it, I think Lloyds should have done this much sooner. The situation was very stressful for Miss N and caused considerable inconvenience. I don't think the £80 paid by Lloyds to date reflects that. I think it should pay Miss N a further £100 for the distress and inconvenience she suffered.

As to any losses incurred by Miss N, Lloyds has already reimbursed the specific costs which she told it about. I haven't seen any evidence of other expenses. So I'm not going to ask Lloyds to reimburse any further costs.

I haven't seen Miss N's credit file, so I don't know exactly how it was affected. Lloyds said she could use its final response letter as proof that any unsuccessful payments between 10 and 23 January were due to its error, which I think is reasonable. Miss N says that corrections to her credit file may take months to show and I don't doubt that. But from the evidence I've seen, I can't conclude that she has had any problems in seeking corrections, or that she has suffered any detriment because of entries currently recorded on her file. The distress and inconvenience of having to correct any entries falls within my award of a further £100. But I'm not going to ask Lloyds to take any further action in relation to the credit file.

### **My final decision**

For the reasons above, I uphold this complaint. Lloyds Bank PLC should pay Miss N further compensation of £100.

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

Katy Kidd  
**Ombudsman**

