

The complaint

Mr H complains Lloyds Bank PLC gave incorrect advice when he asked about how to stop a transaction on his debit card.

What happened

In September 2023, Mr H hired a car while travelling abroad, paying with his Lloyds debit card. At the end of his trip, Mr H was concerned the car hire company was going to apply further charges, so he called Lloyds for advice on how to prevent this happening.

Mr H says he was told that if he cancelled his card, no further transactions could be charged to it, he therefore cancelled his debit card. Mr H called Lloyds again to check this advice was correct and was reassured this was the case.

A few days later Mr H checked his account and saw the car hire company had charged him again. Mr H consequently complained to Lloyds about the advice he'd received.

Lloyds reviewed Mr H's concerns and accepted the advice it had given was incorrect and offered £50 to apologise for this. It also said that if Mr H disputed this charge, he should first speak with the car hire company and if he wasn't able to resolve things, to call Lloyds back to dispute the transaction.

Unhappy with Lloyds' response, Mr H referred his concerns to this service, stating that as Lloyds had given the incorrect advice it should compensate the cost of the transaction.

One of our investigators looked into what had happened, he acknowledged Lloyds had given incorrect advice, but thought the offer of £50 was fair to recognise this and that if Mr H remained unhappy with the transaction, he'd need to raise this as a dispute.

Mr H doesn't agree with our investigator's conclusions. He's highlighted that he asked Lloyds to stop a payment leaving his account and it failed to do this, therefore Lloyds should be liable for this loss. As the matter wasn't resolved, it's been passed to me to decide.

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 listened to the calls, I understand Mr H was calling Lloyds to stop further charges from the car hire company being taken. During the first call, the advisor explained that the bank couldn't block a particular merchant, and as Mr H had given the car hire company his card details and pre-authorised a payment, Lloyds couldn't guarantee no further payment would be taken.

Mr H was unhappy with this advice, as if the charge was applied, he was concerned he'd have no way to dispute it. The call handler correctly explained that Lloyds couldn't pre-emptively block a payment, rather he could add a note onto Mr H's systems, so should the

car hire company then attempt any further charge, it may be picked up by their fraud prevention measures, or if it did go through, this could then be raised as a disputed transaction.

I appreciate Mr H was unhappy to be told this, as he was asking Lloyds to prevent what he considered to be a future fraudulent payment from being taken, but the advisor was correct to say that Lloyds couldn't prevent a future payment as it wouldn't know about any payment until it receives a request from the merchant for funds.

Towards the end of the call the advisor explained they could freeze or cancel Mr H's card, and this should prevent the car hire company from applying any further charges. Mr H chose to cancel his card, understanding that no further charges could be applied against the details of that card.

Later that day Mr H called Lloyds again to check the advice he'd been given and was reassured to know that what he'd been told was endorsed by the second advisor. However, a few days later, having checked his account, Mr H learnt the car hire company had completed another transaction.

Lloyds has accepted that the advice it gave was incorrect; that cancelling the card would prevent the car hire from being able to take any further funds from his account.

As Mr H provided a pre-authorisation, it wouldn't have been possible for Lloyds to prevent any future transactions from occurring, even if the card was cancelled. So, the advisors were wrong to say that cancelling the card would prevent any further transactions. I note Mr H would have been unhappy with this response, but it would have been the correct advice.

So, I agree that something went wrong, which is that Lloyds gave the incorrect advice, when it said that cancelling Mr H's card would mean the car hire company couldn't apply any further charges.

When then considering a fair resolution, I must consider what position Mr H would have been in, had he not been given the incorrect advice. That would have been that he left the call understanding that Lloyds couldn't block a future transaction, but should the car hire company apply further charges, he could call Lloyds to dispute it.

In response to his complaint, Lloyds acknowledged that it didn't give clear advice and set out the steps that Mr H could take if he wished to proceed with disputing the transaction. So, I think Lloyds then did what it needed to, to rectify the error it had made.

While I agree the advice Lloyds gave during the call wasn't correct, I don't think it would then be proportionate to say Lloyds should compensate Mr H the full value of the transaction. I say this because had Mr H been given the correct advice, he would still have been charged the transaction, but would have left the call understanding that Lloyds couldn't prevent it.

Lloyds confirmed what Mr H would need to do to dispute the transaction when responding to his complaint. The card scheme rules for disputes usually say that a cardholder should attempt to resolve matters with the merchant before a dispute can be raised. So, I don't find Lloyds was wrong to ask Mr H to attempt this before returning to it. However, as Lloyds didn't fairly manage Mr H's expectations in the calls, I do think it's appropriate it pays some compensation and think the £50 already paid fairly reflects this.

As a result, I won't be upholding this complaint, as I think Lloyds has taken reasonable steps to resolve this complaint. Although Lloyds gave incorrect advice during the calls, it confirmed the correct advice a few days later and provided Mr H the opportunity to dispute the

transaction. While I know Mr H may find this answer disappointing, when calling Lloyds it wouldn't have been possible to prevent the further car hire transaction and I don't find Lloyds to have done anything wrong in not being able to do this.

Lloyds has paid £50 to apologise for the inconvenience caused, which I think is fair to reflect the error that occurred.

My final decision

For the reasons I've set out above, I don't uphold this complaint.

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

Christopher Convery
Ombudsman