

## **The complaint**

Mr W has complained that Lloyds Bank PLC gave him incorrect information about his account balance which caused him to go into an unarranged overdraft.

## **Background**

Mr W opened a basic account with Lloyds in November 2023 and deposited a large amount of money into it. He then moved approximately £6,000 into a savings account and intended to keep this money for dental work. Mr W has explained that he suffers from mental health conditions that can result in him overspending, so he was trying to keep track of his outgoings to ensure he wasn't spending beyond his means. He contacted Lloyds on the phone to discuss his account balance as he had made a number of transactions and had lost track of how much he had spent and what funds were available to him. He spoke to someone for just over an hour and they went through all the visible transactions on the account and assured him he still had some funds available to spend.

However, the following day Mr W checked his account and found it had gone into an unarranged overdraft. He then moved the funds from his savings account to clear this, but this ultimately resulted in him spending the entire £6,000 he had saved and so he was unable to proceed with the dental work he had wanted to arrange. Mr W believes that if Lloyds hadn't given him incorrect information about his account balance he wouldn't have spent the additional funds and he would have been able to use his savings for their intended purpose. He wants Lloyds to refund the £6,000 to him and pay him compensation for the upset caused by its error.

Lloyds has said that the information its representative gave to Mr W on the phone was correct at the time she gave it. It has explained that when Mr W phoned Lloyds, the representative went through every transaction that was showing on his account, including those that were pending. It says that when she did this the representative confirmed what the outstanding balance was, and that this information was correct. However, following the call with Mr W, more payment requests were processed, and this resulted in his balance reducing further. Lloyds has said that its representative had no sight of these transactions when she spoke to Mr W because the merchants hadn't yet requested payment. And so, there was no way she could have known they were outstanding. So, it didn't uphold his complaint, but it did offer him £50 as a gesture of goodwill in acknowledgment of the distress the issue had caused.

Unhappy with Lloyds response Mr W brought his complaint to our service. One of our investigators looked into it already. He found that the information Mr W was given on the phone was correct at the time. He agreed that the reason why the account balance changed after Mr W had spoken to the representative was because additional payment requests were made and that there was no way the representative could have known about these at the time of the call. So, he didn't uphold the complaint as he didn't think the bank had made an error.

Lloyds accepted the investigator's findings, but Mr W didn't. He still believed that the Lloyds representative he spoke to gave him incorrect information and that he could prove it by

sending screenshots of his account balance which also showed that his balance wasn't updating properly when he made purchases. He says it's unfair for Lloyds to allow his account to become overdrawn when there's no arranged overdraft facility on it. He repeated his request that Lloyds refund the £6,000 he spent and pay him compensation.

As Mr W didn't agree with our investigator the complaint has been passed to me for consideration.

## **My findings**

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 agree with the findings of our investigator and for much the same reason. I know this will disappoint Mr W and so I've set out my reasons below for clarity. I also want to acknowledge that I've summarised the events of the complaint. But I want to assure both parties that I've reviewed everything on file, including all the screenshots Mr W has sent in. If I don't comment on something, it's not because I haven't considered it. It's because I've concentrated on what I think are the key issues. Our powers allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

I'd also like to confirm this service isn't a regulatory body or a Court of Law and doesn't operate as such. Instead, this service is an informal, impartial dispute resolution service. And while we do take relevant law and regulation into account when arriving at our decisions, our remit is focussed on determining whether we feel a fair or unfair outcome has occurred – from an impartial perspective, after taking all the factors and circumstances of a complaint into consideration. This also means that our purpose isn't punitive, and we don't 'punish' businesses when mistakes happen, rather we try to find fair and reasonable outcomes when things go wrong.

Mr W believes that the information Lloyds gave him about his account balance was wrong and that if he had been given the correct information his account wouldn't have become overdrawn, and he wouldn't have had to spend his savings to clear a negative balance. He doesn't accept that the issue was caused by a delay in transactions he'd already made being processed through his account.

However, I agree with the investigator's findings on this point. Lloyds have sent us evidence that shows when the individual transactions were sent to Mr W's account and when they were processed. Having looked at this I agree the information the Lloyds representative gave to Mr W at the time he called was correct, based on what she could see. Mr W has explained that he finds it difficult to keep track of his balance, which is why he was calling the bank for assistance in the first place. I accept this and understand this is why some purchases he'd already made weren't accounted for during this conversation. However, I can't hold the bank responsible for any delay from a merchant in requesting payment. The person Mr W spoke to could only give answers based on the information available to her at the time. And I'm satisfied the information she gave to Mr W was based on what she could see, and she had no way of knowing additional payment requests would be made causing the account to go overdrawn.

Mr W has asked why his account, which is a basic account, was allowed to become overdrawn when there was no arranged overdraft facility on it. I can understand his frustration here and why he feels that if there are no funds available in the account the payment should be refused rather than honoured. However, there is an obligation on the bank to honour payments and this sometimes means allowing accounts to go overdrawn, even where there is no formal overdraft facility in place. So, although I can sympathise with

Mr W on this point, he explicitly wanted an account without an overdraft, I don't think Lloyds was wrong to honour a payment where Mr W had already made the purchase himself.

Mr W has said that he had to use his savings to bring his account back into credit and clear the overdrawn balance. Lloyds has said that when Mr W contacted it to discuss this it went through all the various options available to him to get his account balance cleared. This included requesting some refunds on purchases that he had made, some of which would have easily cleared the outstanding amount. However, Mr W decided not to do that and instead to use the funds from his savings account. I don't think the bank was wrong to discuss the various options available to Mr W and ultimately it was his choice to use his savings to clear the balance rather than consider the other options available.

Ultimately having looked at all the evidence sent to us by Mr W, as well as all the evidence sent to us by Lloyds, I've not been able to find anything to show the bank made an error here. The information given to Mr W over the phone was correct at the time he called, I know that changed after the call, but I'm satisfied there was no way for the representative he spoke to know there were additional payments outstanding. And I'm satisfied that the decision to use his savings to clear the balance was one Mr W made himself, and not the only option available to him at the time, or something the bank forced him to do.

As I've not been able to identify any error made by Lloyds I'm not upholding Mr W's complaint.

### **My final decision**

For the reasons set out above I'm not upholding Mr W's complaint against Lloyds Bank PLC.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 3 July 2024.

Karen Hanlon  
**Ombudsman**