

## **The complaint**

B, a charity, complains that it lost income as a result of Lloyds Bank PLC's failure to process its automatic account switch request.

## **What happened**

B previously banked with another bank ("H"). In September 2019 H gave B six months' notice that it would be stopping providing banking services to charities. B decided to move its banking to Lloyds, and put in a request to move its account using the automated account switching service.

The switch forms were delivered to Lloyds, but were then lost and didn't reach the team that deals with account switches. H agreed to delay the closure of B's account in view of the problems. But when the switch still hadn't happened by the revised deadline, it closed B's account.

B opened its account with Lloyds in January 2020. But because the switch didn't happen automatically, regular donations to B weren't automatically carried over to the new account. B says that 16 of its previous donors didn't reinstate their regular donations. And it says that between them, those donors had given more than £1,500 each year. B believes that it's likely that the former donors would have continued to donate for at least 20 years, with their combined donations amounting to more than £31,000 over that period.

B says that due to data protection legislation, it no longer holds records of its previous donors, so can't approach them directly to ask whether they'd be willing to reinstate their donations.

After some discussion, Lloyds paid B £768, which it said was to make up for six months' worth of donations from the former donors, based on what B had said. It believes that B should have realised sooner than it did that it wasn't receiving all the standing orders it had received when it was banking with H, and it could have asked H for any information it had about the donors. Lloyds has also pointed out that donors can choose to cancel regular payments at any time, so donations weren't guaranteed to continue indefinitely.

One of our investigators considered B's complaint but thought that Lloyds had already done enough to resolve it. He said, in summary, that charity donations are made voluntarily, and we couldn't hold Lloyds responsible for the fact that some donors weren't willing to make up for lost payments.

B disagreed with the investigator's view, so the complaint's been passed to me.

## **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.

It's not in dispute that Lloyds lost B's account switching forms. I've not seen anything to make me think that the automatic switch wouldn't have gone ahead if they hadn't been lost. The inconvenience that B experienced as a result of the loss of the forms has been dealt with separately. This complaint relates solely to the loss of donation income which B says resulted from the fact that the switch didn't happen automatically.

In thinking about a fair solution to B's complaint, I need to compare what did, in fact, happen with what should have happened.

If the automatic switch had gone ahead, any regular donations would automatically have continued to be made to the new account unless and until the direct debit or standing order was cancelled by the donor. So I accept that it's likely that B would have continued to receive some, if not all, of the lost regular donations after the switch.

As it was, following the closure of B's account with H, regular donors to B would have found that their payments were returned. It seems that some of them contacted B and set up regular payments to B's new account with Lloyds. Others didn't. I think it likely that if those donors had felt strongly that they wished to continue to support B, they'd have contacted B and set up a new regular donation on discovering what had happened. And I think that the fact that they didn't do so suggests that it's unlikely that they'd have continued to donate to B for 20 years.

I've also borne in mind that in considering how much compensation is appropriate, I need to consider what, if anything, B did, and could have done, to keep its loss to a minimum.

B would have been aware in the spring of 2020 that the automatic switch hadn't taken place. It had to set up outgoing payments from its account manually as a result. I think it could reasonably have been expected to realise at that stage that incoming payments wouldn't automatically have switched either. I think it's more likely that it would have had contact details for its (then) existing regular donors immediately after it moved its account than when it raised the issue some three years down the line. And even if it didn't, with swifter action, it might have been able to obtain help from H.

Taking everything into account, it's impossible to be sure how much B has lost out on as a result of the fact that regular donations weren't automatically switched to the new account. What's more, it may be that some of the former donors will resume donations to B in the future.

Overall, based on the evidence provided, I don't consider that I can fairly require Lloyds to pay B more than the £768 it's already paid to compensate for the lost donations.

**My final decision**

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask B to accept or reject my decision before 26 September 2024.

Juliet Collins  
**Ombudsman**