

The complaint

Mr C complains, as executor of the late Mrs C's estate, about £10,000 missing from Lloyds Bank PLC's executor account. Mr C wanted Lloyds to refund the missing money, and subsequently to explain the account discrepancy.

What happened

Mr C explained that the executors' account is held jointly with another relative of the late Mrs C and either party can undertake its functions independently. Mr C audited the account and became aware of a discrepancy as there appeared to be £10,000 missing. He went to a branch of Lloyds to get the amounts checked but the missing sum could not be identified.

Mr C wrote to Lloyds Bank on 18 July 2023 about the discrepancy, but Lloyds didn't respond. Mr C complained to Lloyds, and it responded on 7 December 2023. Lloyds said in a call with Mr C there was an unidentified payment of £10,000 from the account in August 2022. Lloyds sent account statements, but Mr C said these were the same as those he already held.

Lloyds sent a revised response to Mr C saying there appeared to be a transaction missing from the statements which explained the discrepancy and apologised for this not showing on the statements. Lloyds said it couldn't explain why this happened, and paid Mr C £100 compensation for the distress and inconvenience caused.

Mr C wasn't satisfied with Lloyds' response and referred his complaint to our service. Initially our investigator didn't recommend that it be upheld. She said Lloyds had clarified the different balances and apologised for causing confusion and its compensation for the discrepancy is fair.

Mr C disagreed with the investigator and requested a more detailed explanation of the discrepancy from Lloyds and more compensation. He said Lloyds sent its amended statement dated 25 August 2022 showing correct balances on 17 January 2024 and he had been 'fundamentally correct' about the discrepancy.

The investigator contacted Lloyds again and suggested it increase the compensation to Mr C to £200, which it agreed. But Mr C still wasn't satisfied and requested an ombudsman review his complaint. He said the statement error was obvious, but Lloyds initially denied this. Mr C said he wants Lloyds to be 'admonished for their lack of undertaking a thorough investigation at the beginning'.

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.

This complaint concerned missing funds on an executor account. Mr C pointed out that Lloyds' statement included a discrepancy in the 'Money Out Closing Balance' of £10,000 and this remained until corrected statements were issued.

It's clear that Mr C as executor with responsibility for the account, was justified in seeking clarification and then bringing a complaint to Lloyds about its non-recording of a transaction. He said Lloyds has been unethical, devious and complicit from the outset in producing misleading and false information

There are general principles of regulation that require banks to conduct their business with due skill, care and diligence and pay regard to the interests of its customers. I'm glad to see Lloyds' acknowledgment of its error and I hope it views this complaint as an opportunity to review its approach to account information and its response to related complaints.

Mr C appears to be satisfied that Lloyds now has the correct balance for the executors' account. His complaint now concerns a wish for more compensation for his inconvenience and he wants an explanation and says Lloyds hasn't apologised for its error.

Lloyds has confirmed a £10,000 transaction was missing from the statement of the executors' account. Lloyds provided a copy of a cheque for that amount that was issued on the account and then returned and redeposited to the account as uncleared. From Lloyds' records this appears to be due to the two different forms of handwriting on the cheque, and calls made to verify the cheque was genuine. Lloyds said that either Mr C or his co-executor then replaced the cheque by a faster payment of the same amount, actioned on 20 August 2022 and shown on its records (but not the statement sent to Mr C) two days later.

I've considered the timeline of events and Lloyds' handling of the issue. I can see that the final transaction of £10,000 went out on 22 August 2022 but was missing from Mr C's statement, whilst it was present on the records held by Lloyds' system. Lloyds does not have a record of Mr C's letter about this from July 2023 and its first notification was his call in November 2023. During the call Lloyds said it would send a copy of the statement again, but this also missed off the transaction in question and subsequently Lloyds had to send the statement via another system. It took months from Mr C's contacts for Lloyds to explain and apologise for its error.

It's unfortunate that Lloyds didn't receive Mr C's letter about the discrepancy in July 2023. If it had, I think this could have been resolved much more quickly. I can see that Mr C wants a more detailed explanation, but unfortunately Lloyds is unable to provide anything further and I think the evidence shows that it simply provided an incomplete statement for the account. Lloyds said that it appreciated that Mr C had reason for concern based on the information it provided and apologised to him on several occasions for the impact its error has had on him.

I move now to compensation. Mr C wants more compensation for the considerable time spent in getting corrected figures for the account. We're all inconvenienced at times in our day-to-day lives – and a certain level of frustration and minor annoyance is unwelcome, but to be expected. It's the impact of the errors made over and above that which we consider to determine if an award of compensation is merited, and if so, how much. Having seen that no financial loss occurred, I am left considering the delay and inconvenience to Mr C.

I can see that Mr C was inconvenienced by this error, however Lloyds has evidenced to us that it had no intention of leaving off the final transaction on the statement. From reviewing what has happened I haven't seen any evidence in support of Mr C's comments that Lloyds has been devious and complicit in not providing the correct information. Our approach only allows us to consider whether a business has corrected its error and offered fair compensation for any inconvenience caused. We are unable to punish businesses as that is the role of the regulator for Lloyds, the Financial Conduct Authority.

And so when we make awards of compensation we are not looking to fine or punish a business for its mistake but to find an award that fairly and reasonably compensates the consumer for the wrong that has been done. Having done that I think the £200 compensation offered by Lloyds shows that it understands the confusion and frustration it caused Mr C. This award is consistent with those we have made in respect of complaints in similar circumstances.

Our service investigates the merits of complaints on an individual basis. And that is what I've done here. I think it's important to explain that my decision is final. I realise that Mr C will be disappointed by this outcome though I hope he appreciates the reasons why it had to be this way.

My final decision

For the reasons I have given it is my final decision that the complaint is upheld. I require Lloyds Bank PLC (if it hasn't already done so) to pay Mr C £200 compensation for the distress and inconvenience he has been caused by its error.

Under the rules of the Financial Ombudsman Service, I'm required to ask the estate of Mrs C to accept or reject my decision before 2 September 2024.

Andrew Fraser
Ombudsman