

## **The complaint**

Mr S complains about incorrect information given to him by Lloyds Bank PLC about his mortgage.

## **What happened**

Mr S took out a mortgage with Lloyds in 2008.

Mr S's mortgage was on a variable rate and there was a change in the interest rate. Lloyds recalculated his monthly payments and wrote to Mr S in early August 2024. This letter said the interest rate had reduced. However, Mr S's contractual monthly payment increased. Mr S says this isn't right.

Mr S says his mortgage term is due to expire in October 2024. Lloyds says the final payment is due in November 2024.

Mr S also complains about poor service.

Lloyds said it re-calculated Mr S's payments before it received the payment due in August 2024. The higher balance used for the calculation resulted in higher contractual monthly payments.

Lloyds offered to manually recalculate Mr S's contractual monthly payment. It offered compensation of £150 for poor service. It said the mortgage term expires in November 2024 and provided evidence to support this. Our investigator said this was a fair and reasonable.

Lloyds re-calculated Mr S's monthly payment after the payments due in August and September 2024 were applied to his account. It told Mr S his new monthly payment (which was lower). It refunded the overpayments he'd made.

Mr S said this showed that he was right to be concerned that Lloyds had given him incorrect information. He said Lloyds had intended to profit from a vulnerable person with a disability and multiple issues. He said having to complain was difficult for him. He says he was handed around departments, he wasn't listened to and it wasn't right that Lloyds offered minimal compensation.

## **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.

I'll deal with Mr S's concerns about the mortgage term first. The mortgage offer was issued in October 2008. Lloyds says the mortgage completed in November 2008. Mr S made a lump sum repayment (of about £3,000) in November 2008 which reduced the mortgage balance, but not the term. The first contractual monthly payment by direct debit was in December 2008.

I think Lloyds is right that the mortgage term expires in November 2024 and that it calculates

Mr S's contractual monthly payments so that the balance is repaid in November 2024.

Lloyds recalculated Mr S's payment when the interest rate reduced. It sent a letter to Mr S dated in August 2024. This said from 1 September 2024 the interest rate will go down and his monthly payment from 30 September 2024 would be £390.

Mr S's previous monthly payment was £290. He contacted Lloyds as he couldn't understand why the payment had increased.

I understand why Mr S was concerned. But I don't think Lloyds was trying to take advantage of him or profit unfairly from him. And I don't think it made an error with the calculation.

Lloyds calculates Mr S's contractual monthly payments using the outstanding balance, interest rate and remaining term. The calculation carried out in August 2024 was done before Lloyds received the payment due in August 2024. The higher balance resulted in it calculating higher monthly payments. The increase was significant as there were so few months remaining before the end of the term.

After the complaint came to us, Lloyds did the calculation again. This time, it used the lower balance outstanding after the payments for August and September 2024 had been applied. This resulted in a lower contractual monthly payment. Lloyds refunded the overpayments Mr S had made.

Mr S also complained about mis-sale, mis-advertising, mis-advice and breach of contract. He says Lloyds discriminated against him due to his disabilities. It's not clear to me that Lloyds did any of these things when it re-calculated Mr S's contractual monthly payments. It wasn't advertising, recommending or selling a product to him. It would be for a court to decide whether a contract or law (such as the Equality Act) has been breached. However, I've not seen any evidence that Lloyds treated Mr S less favourably than other customers because of his disability or something arising from it when it carried out the calculation. I don't think Mr S was put at a disadvantage compared to other customers in the same position.

Mr S was worried about the payments being wrong. He said Lloyds didn't listen to his concerns. Trying to find out what had happened took up his time.

I understand and agree with these concerns. At the heart of Mr S's original complaint was his concern that his monthly payments hadn't been calculated properly.

The final response letter says Mr S's contractual monthly payment was £390 from 1 September 2024. This is consistent with the letter sent in August 2024 that said the payment would be £390 from 30 September 2024 – that's the day that Mr S makes his monthly payments.

However, the final response letter didn't explain why the re-calculation resulted in Mr S's monthly payments increasing. Lloyds ought to have told Mr S why this was when he first contacted it. Instead, it seems he was given different explanations.

I think it's right that Lloyds offered compensation. I also think it's right that it offered to re-do the calculation. I hope that the re-calculation carried out by Lloyds, and the explanation Mr S has now received, has given him some reassurance.

I should explain that this service isn't a regulator. We don't fine businesses for making errors. When considering what compensation is fair and reasonable in the circumstances, I need to take into account the effect of Lloyds error on Mr S. Here, the error is that Lloyds

took too long to explain to Mr S why his contractual monthly payments had increased.

Mr S raised his concerns with Lloyds in mid-August 2024. As I said, Lloyds should have told Mr S why his payments had increased when he contacted it with his concerns. That would have avoided him having to contact Lloyds several times and needing to bring the complaint to us. Mr S told us this was difficult for him due to his mental health conditions, which he says Lloyds is aware of.

Lloyds has refunded the overpayments (about £100) and told Mr S what his payments will be from October 2024. I don't think that Mr S is financially worse off as a result of this matter. Mr S hasn't said that making the overpayments caused him financial problems or prevented him meeting other outgoings. Lloyds explained why the payments had increased and offered to re-calculate Mr S's monthly payments in mid-September 2024. This was about a month after Mr S first contacted it with his concerns.

Having taken all of this into account, I think the £150 compensation offered by Lloyds is fair and reasonable in the circumstances.

### **My final decision**

My decision is that Lloyds Bank PLC should pay £150 to Mr S, as it offered to do. It can deduct any compensation already paid.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 10 December 2024.

Ruth Stevenson  
**Ombudsman**