

The complaint

Mr W complains that a standing order he set up from his current account to transfer funds to his monthly saver account was rejected by Lloyds Bank Plc.

What happened

Mr W held a current account with Lloyds which contained a significant amount of money. On 1 December 2023, Mr W opened a monthly saver account online with Lloyds, which carried a total gross interest rate of 5.25%.

On 4 December 2023, Mr W set up a standing order from his current account to his monthly saver account as he wanted to earn interest on his funds. He set up a standing order to transfer £7,500 from his current account to his saver account each week.

Lloyds said that, prior to opening his monthly saver account online, Mr W would have had access to the account terms and conditions. It stated he'd have had to have accepted the terms before proceeding with his account application. Lloyds said the account terms clearly outlined that the maximum monthly deposit was £250 per calendar month.

As Mr W's standing orders exceeded the maximum monthly deposit amount, Lloyds said the payments were automatically rejected. So, Mr W's saver account wasn't funded and the funds were returned to his current account.

Lloyds said it wrote to Mr W each time a transfer was rejected to inform him. But Mr W didn't amend his standing order instructions or contact Lloyds to discuss his monthly saver account. So, the same thing continued to occur.

Mr W complained to Lloyds. He believed he'd lost around £10,000 in interest, which he asked Lloyds to compensate him for. After investigating his complaint, Lloyds didn't uphold it. It said it hadn't made an error in rejecting his standing order because this had exceeded the permitted transfer limit. But it offered to pay £100 as a goodwill gesture.

Being dissatisfied with Lloyds' response to his complaint, Mr W referred it to our service. Our investigator assessed what had happened and empathised with Mr W. But they weren't persuaded Lloyds had done anything wrong and didn't recommend upholding this complaint. They were also satisfied that the £100 goodwill gesture Lloyds had offered Mr W to resolve his complaint was fair and reasonable. But Mr W disagreed and asked for his complaint to be referred to an ombudsman.

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'd like to thank Mr W and Lloyds for their detailed submissions about what happened. I've read and considered all the information provided, but I'll concentrate my decision on what I think is relevant to decide the complaint. If I don't comment on any specific point, it's not

because I've failed to take it on board and think about it, but because I don't think I need to comment on it to reach what I think is the right outcome.

This service is an informal dispute resolution service. When considering what's fair and reasonable, I'm required to take into account a number of matters, which include relevant law and regulations, regulators' rules, guidance and standards, codes of practice, the terms and conditions of any insurance policy and, where appropriate, what I consider to have been good industry practice at the relevant time. I'm not limited to the position a court might reach.

The issue that I must determine is whether Lloyds made a mistake, or treated Mr W unfairly, such that it needs to now put things right. Having thought carefully about everything they've both said, I've reached the same conclusion as the investigator for broadly the same reasons. I understand that Mr W will be disappointed with my conclusions so I'll explain why I'm not upholding this complaint.

The starting point here is that Lloyds should follow its customers' requests, unless there's good reason not to. Here, Mr W gave it online instructions to transfer £7,500 each week by standing order from his current account to his monthly saver account. But Lloyds didn't do that and I've carefully assessed why that happened.

I've had sight of the monthly saver account that Mr W opened online on 1 December 2023. The terms clearly outline that a customer *"can save between £25 and £250 a month, by bank transfer or using a standing order"*.

The terms go on to inform a customer *"you can pay in more than once a month, as long as you don't pay in over £250"*. It's clear from the way the terms are drafted that if a customer pays in more than £250 per month Lloyds will return the full amount.

Mr W would have had to accept the terms and conditions to proceed with his application before opening the account. So, I'm satisfied Lloyds explained how Mr W would need to operate his account when he opened it and that this included information about the levels of permitted transfers and what he'd have to do if he wanted to qualify for interest payments.

It was Mr W's responsibility to make sure the standing order he'd set up online had been set up for an amount that was within the permitted transfer limits. And, as Mr W didn't operate his saver account in line with the terms and conditions, I'm satisfied there was good reason for Lloyds not to follow his standing order instructions.

I accept that Mr W may have wanted to open his saver account to earn interest on funds that weren't accruing any interest in his current account. And I recognise that it must have been frustrating for Mr W not to be able to transfer his money as he'd wanted to. But I think it was made clear to him that the maximum he could save each calendar month would be £250.

I'm satisfied Lloyds presented sufficient information to Mr W prior to him opening his account to enable him to make an informed choice about whether the account was suitable to his requirements. The onus was on Mr W to assess whether the saver account was right for him.

I've seen correspondence that Lloyds sent to Mr W each time his standing order payments were rejected. These letters are headed *"we've returned your payment"* and outline clearly that Mr W's payments hadn't been made to the saver account. This persuades me that Lloyds did enough to alert Mr W as to what was happening with his account

I'm satisfied the correspondence Lloyds sent Mr W about his saver account was addressed correctly to him at his home address. It follows that I'm persuaded that appropriate notification was given to Mr W that his saver account remained unfunded.

Lloyds has shared copies of Mr W's current account statements with our service. These show that all standing order payments that were rejected by Lloyds were returned to Mr W's current account. So, I'm satisfied all the payments have been accounted for.

Overall, I think the correspondence Lloyds sent Mr W ought to have prompted him to realise that his standing orders were being rejected. And I think this ought to have led to him approaching Lloyds sooner to rectify this issue.

Mr W says he's lost out on £10,000 in interest and asked our service to direct Lloyds to pay that as compensation. But he didn't adhere to the account terms for the reasons I've already outlined. And his saver account remained unfunded. So, he hasn't qualified for any interest payments. With this in mind, I don't think it would be fair to hold Lloyds responsible for Mr W's mistake or for any loss of interest incurred.

In the overall circumstances, I'm satisfied Lloyds hasn't made an error here. It's acted fairly and reasonably and I wouldn't have directed it to make a goodwill or compensation payment to Mr W as part of this decision. However, in its final decision correspondence, dated 18 September 2024, I can see that Lloyds offered Mr W £100 as a goodwill payment. I'm satisfied that the amount already offered is consistent with our approach in similar scenarios. I haven't seen enough to persuade me that a higher award is warranted here. So, I won't be asking Lloyds to pay anything further to resolve this complaint.

I understand Mr W feels very strongly about the issues raised in this complaint and I've carefully considered everything he's said. But, for the reasons set out above. I'm not upholding this complaint. I'm sorry we can't help Mr W any further with this complaint.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 7 May 2025.

Julie Mitchell
Ombudsman