

The complaint

Ms B complains about the advice and actions of Lloyds Bank PLC in relation to her fixed term ISA.

What happened

Ms B contacted Lloyds as her ISA was maturing. She was told she could take out the interest and transfer the capital to another fixed rate ISA. She opted to do this and was told how much interest she'd receive. She questioned the amount, believing it to be too high, but was assured it was correct.

However, as the new ISA contained around £780 less than it should have, Ms B realised the amount of interest she'd been quoted was too high, meaning too much had been withdrawn from the ISA and paid into her current account. This resulted in Ms B earning less interest than she should have.

Ms B wasn't able to resolve the problem with the adviser she spoke to by phone and was asked to visit a branch. She said this caused some inconvenience as she had to park a long way from the premises and, when in branch, she was told by the staff there that they couldn't help.

Ms B raised a complaint. Lloyds responded to say it accepted it hadn't got things right. It said it had now deposited the £780 initially paid into Ms B's current account back into her ISA. It said this brought it up to the balance it should have been. Lloyds offered Ms B a total of £79 – £75 to compensate her for the poor experience and the £4 it said she'd lost out on in interest while the ISA's balance was incorrect.

Lloyds explained the phone adviser Ms B had spoken with wasn't trained in ISAs and didn't want to run the risk of compounding the issue. And it took a similar view on the service Ms B received in branch, stating the staff could have taken some action but likely didn't want to out of a fear they could have made matters worse.

Ms B wasn't satisfied with this and brought her complaint to our service. She didn't like the way Lloyds had corrected her ISA balance, stating that whilst it was the easiest way for Lloyds to have fixed the issue, the ISA wouldn't show the correct audit trail. To put things right, she said she would like to move her fixed ISA to another provider without incurring any penalty. She said Lloyds had told her she couldn't do this, but she didn't think that was fair, given how badly she felt the situation had been dealt with.

While the complaint was at our service, Lloyds looked into things again. It felt an additional £125 should be offered to Ms B for the distress and inconvenience its mistakes had caused. It also noted that the £4 it had previously offered to cover the interest had been calculated using a few days less than it should have. And so it offered to pay an extra 57p – the rest of the interest lost during the period.

The Investigator thought this was fair and sent Ms B his view. But Ms B didn't agree. She highlighted some service issues she'd had in getting through to Lloyds in the first place. She

said that because the branch hadn't helped her, the ISA went past its cooling off period and so she was prevented from moving the ISA elsewhere without penalty. She also said she had to get back in touch with Lloyds as the actions it had promised in its complaint response hadn't initially happened. Ms B said she would accept Lloyds' offer if it also let her transfer her ISA out without incurring any kind of penalty.

But Lloyds wasn't prepared to let Ms B transfer her ISA without penalty, stating that it had put her back in the position she should have been in. The Investigator felt Lloyds' position was fair and so, as no agreement could be reached, the case was passed to me to decide.

During the life of this complaint, Ms B also raised an issue relating to an early withdrawal charge. But as Lloyds hasn't had the opportunity to look at that complaint, I haven't covered it in my decision.

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.

Having done so, I think Lloyds' offer is fair. I know this isn't the outcome Ms B wanted and so I've explained why below.

I'd first like to explain that my role here is to think about the individual circumstances of this complaint and whether Lloyds did something wrong which caused Ms B to lose out as a result. If I think Lloyds did something wrong, I can then think about what – if anything – it should do to put Ms B back in the position she would have been in, had things gone the way they should have. To help me with this, I've taken into account Ms B's detailed submissions regarding her complaint issues. But if there's something I've not mentioned, it isn't because I've ignored it – I haven't. I'm satisfied I don't need to comment on every individual point or argument to be able to reach what I think is the right outcome. Our rules allow me to do this, and this simply reflects the informal nature of our service as a free alternative to the courts.

I think what I've said above is important to mention because there will sometimes be a degree of inconvenience when dealing with a financial business, but it doesn't automatically follow that the inconvenience was as a result of something the business did wrong. Nor does it mean that all failings from a business should result in compensation being paid or remedial action being taken. If a business' failing is responsible for its customer being placed in a worse position than they would otherwise have been in, my role here is to direct the business – Lloyds, in this case – to restore them to as close as is reasonably possible to their original position.

It isn't in dispute that Lloyds' initial miscalculation caused a problem with Ms B's fixed ISA. Ms B then had to expend time and energy in arranging for the issue to be resolved. This involved calls with Lloyds as well as an inconvenient visit to branch without resolution.

However, Lloyds has since credited Ms B's ISA with the amount erroneously debited and has offered to pay her the interest she missed out on for the period the ISA contained the wrong balance. I'm satisfied that, with this action, Lloyds has taken sufficient steps to return Ms B to the financial position she should have been in. Whilst I acknowledge Ms B's concerns regarding the audit trail of the ISA's credit and debits, I'm not been presented with any evidence which persuades me this makes a material difference to her ISA benefit. Should it be required, Ms B can of course use this decision and Lloyds' complaint response to support any answer she may be asked to provide regarding the ISA's balance activity.

I've thought about the fairness of the £200 total offer Lloyds has made to Ms B for the distress and inconvenience it caused, and I think it is fair in all the circumstances of this case, including the service issues Ms B has raised. That is to say I think it adequately makes up for the impact of the various failings Lloyds has made, detailed above. Had the complaint not reached me with an offer already made, £200 is in line with what I'd have directed Lloyds to pay.

Finally, I understand Ms B's concerns regarding the service she received from Lloyds, and her desire to transfer the ISA to another provider. She had initially asked our service to direct Lloyds to allow the transfer without penalty, but our Investigator didn't think this was fair. But since Ms B has now transferred the ISA away from Lloyds, her complaint point about being allowed to do so without penalty falls away. I haven't considered a complaint about the fairness of Lloyds applying the penalty, or any concerns Ms B has about the penalty's sum, and this is because Lloyds hasn't yet had an opportunity to do so. And so if Ms B wishes for this issue to be looked into by our service, she will need to complain to Lloyds first.

So, based on what I've said above, whilst I realise this may be disappointing for Ms B, I think the remedial actions Lloyds has taken and the compensation it has offered is fair, and I won't be directing it to do anything further in relation to the matters decided on in this complaint. I appreciate Ms B might feel differently, but I will leave it to her to decide whether, on reflection, she now feels able to accept the sum proposed, or to pursue matters elsewhere. Either way, whilst I know this will be disappointing for Ms B, my decision now completes our consideration of her complaint.

My final decision

My final decision is I uphold this complaint in part. I direct Lloyds Bank PLC to pay Ms B a total of £204.57, less anything already paid in relation to this complaint, within 28 days of acceptance of this decision.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms B to accept or reject my decision before 22 April 2025.

James Akehurst
Ombudsman