

The complaint

Mrs A complained that Lloyds Bank PLC ('Lloyds') should pay her more compensation after admitting it provided poor service in connection with a payment refund.

What happened

Mrs A purchased an item which she later returned for a refund. The money she'd paid for this item (around £81) was subsequently refunded to the Lloyds card she'd used to fund the payment on 21 August 2024. By that time, an account switch had been actioned and Mrs A's Lloyds account had been closed.

Around mid-September 2024, Mrs A noticed that the refund hadn't been credited to her new bank account. She found out that the refund had been paid to her closed Lloyds' account and she contacted Lloyds to find out where her money was. Lloyds initially said the refund hadn't been received. This led to Mrs A spending significant time on the phone trying to establish what had happened. She also visited her local Lloyds' branch in an effort to track down her money. Ultimately, Lloyds located the refund and arranged for this to be paid by cheque to Mrs A.

When Mrs A complained, Lloyds agreed that the service provided to Mrs A had fallen short of the high standards it aimed for and paid her £100 compensation.

Our investigator thought that Lloyds should pay Mrs A a further £100 on top of this, bringing total compensation to £200. Lloyds has agreed to do this but Mrs A feels that more compensation is due to reflect the impact and extent of Lloyds' poor service.

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 includes listening to the call recordings provided.

I can understand why what's happened has been upsetting and frustrating for Mrs A. But having thought about everything, I've independently reached the same overall conclusions as our investigator. I'll explain my reasons.

Lloyds misinformed Mrs A when it wrote to her (twice) telling her that no refund had been paid to her account and accepted that it let her down on several occasions when she visited a branch to discuss her missing money. It agreed that no-one took ownership of her case, she was given incorrect timescales, the branch couldn't help her and she wasn't being responded to in the way she was entitled to expect.

Lloyds upheld the complaint and the parties are broadly agreed on what happened, which is set out in detail in the investigator's view. So I don't need to say much more about the background circumstances. I will concentrate on the question of fair redress, which is the main reason Mrs A has requested an ombudsman referral.

Our approach to redress is to aim to look at what's fair and reasonable in all the particular circumstances. So my starting point is to think about the impact on Mrs A of what happened.

It's unfortunate that the timing of the account switch away from Lloyds coincided with the refund paid to Mrs A. But it was still reasonable for Mrs A to expect Lloyds to be able to identify the problem here and locate the refund much sooner than happened.

She first contacted Lloyds about this on 18 September 2024. Lloyds didn't confirm that it had her money until more than a month later – after telling her incorrectly that it didn't. And she didn't receive her money until Lloyds sent her a cheque on 13 November 2024. So for around two months, Mrs A was left having to chase up her money after being misinformed by Lloyds. She wasn't able to find out what she needed to know despite numerous phone calls so I can understand why she tried going to a branch to see if speaking direct to someone might make a difference. In the event, it wasn't a matter that branch staff could assist with – she needed to deal directly with the disputes team over the phone. But that wasn't made clear to Mrs A - and she hadn't made any progress when she'd spoken to the disputes team. I've taken into account that miscommunication and poor communication aggravated what was already a worrying situation for Mrs A. I think Lloyds could have avoided much of the distress and inconvenience it caused Mrs A had it dealt more effectively with her enquiry.

I've also allowed for the fact that Mrs A told us she took time off work to go to the branch which was around 30 minutes away. So I don't think that would've been particularly convenient for her. She also told us she'd been kept awake at night by anxiety and worry about the prospect of having to take court proceedings against a global multinational business to get her money back. I accept that she found the whole experience very distressing. I've taken all this into account when assessing fair compensation for Mrs A in her particular situation.

I haven't been provided with anything to show that Mrs A is out of pocket as a result of any poor service on the part of Lloyds. Lloyds paid her the refund. So I've concentrated on what would be fair compensation to properly reflect the wider impact on Mrs A of Lloyds' service failings.

I think the £200 overall compensation figure recommended by the investigator, which Lloyds has agreed to pay, seems fair to me in all the circumstances. I haven't seen or heard enough to make me think it would be fair to require Lloyds to do more here. I am satisfied this amount matches the level of award I would make in these circumstances had it not already been proposed. It is in line with the amount this service would award in similar cases, and it is fair compensation for Mrs A in her particular situation.

In coming to my view, I've thought carefully about what Mrs A has said about the way other complaints have been dealt with. And I don't underestimate the impact on her of what happened here. I fully accept this has been a horrible experience for Mrs A and I'm sorry for how what happened impacted on her. But each complaint is looked at on its own merits – no two complaints are likely to be identical in every way and the outcome on each will depend on its own facts. I've looked at the circumstances that apply in this particular case and what happened on other cases doesn't change my conclusion here.

Even though this isn't the outcome Mrs A hoped for, I hope that setting things out as I've done helps explain how I've reached my conclusions.

Putting things right

Lloyds should pay Mrs A £200 total compensation, as it has already offered to do, to reflect the impact on her of the poor service it provided. This means that (if it hasn't done so yet) Lloyds is required to pay a further sum of £100 to Mrs A on top of the £100 payment it previously made to her account.

My final decision

My final decision is that I uphold this complaint and direct Lloyds Bank PLC to take the steps set out to put things right for Mrs A.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs A to accept or reject my decision before 9 June 2025.

Susan Webb
Ombudsman