

## **The complaint**

Mr C has complained that Lloyds Bank PLC hasn't been transparent regarding the interest rate applicable to his overdraft facility.

## **What happened**

Mr C opened his account in October 2023, and Lloyds wrote to him at the time to say he wouldn't pay interest on his overdraft when using £50 or less, but above this interest would be charged at the Equivalent Annual Rate (EAR) of 49.9%.

Lloyds then contacted Mr C in March 2025, to say the interest-free amount of his overdraft would be increasing from £50 to £100. And anything above £100 would be charged an EAR of 49.9%.

One of our investigators looked into what had happened, but was satisfied that the interest rate hadn't changed. He noted that Mr C had been incorrectly advised in a 'chat' that there had been a variation in the interest rate, but could see that it had awarded £30 as a goodwill payment for Mr C having to make contact about this. He thought this was fair.

Mr C disagreed. He said the £30 had been awarded for how the call had been handled, not for being given incorrect information about the interest rate. At no point had Lloyds notified him that the information provided was incorrect - this has come to light since raising the complaint with our 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.

Having done so, I'm not upholding it. I know this will be disappointing, but I'll explain why.

I can see that Mr C was misadvised about the interest rate in a chat – although I note he'd been given the correct information in earlier correspondence. And while I accept that the £30 awarded was in respect of the length of a call, I've looked at events overall, in the round. And I think that £30 is fair for both the misinformation and for how long Mr C had to spend on the phone. I feel that what happened would justify a modest level of compensation, and I'd have awarded around £30 for all that happened. This is so regardless of what Lloyds specifically allocated the compensation for. Accordingly, I'm not going to increase it.

## **My final decision**

For the reasons given above, it's my final decision not to uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 16 February 2026.

**Ombudsman**