

The complaint

Miss D complains Lloyds Bank PLC cancelled her debit card in error, changed her whole card number when issuing a new card and hasn't explained exactly what went wrong.

What happened

Miss D has an account with Lloyds Bank with a debit card.

Miss D says she tried to use her debit card on 12 March 2025 but it wasn't working. She checked her mobile app and saw her card details had changed without her knowledge. So she called Lloyds Bank embarrassed that a payment had been declined and concerned that someone else might have access to her account.

Lloyds Bank looked into what had happened and said that Miss D's card had been cancelled in error in January 2025 and a new card had been sent out to what turned out to be an old address. Lloyds Bank cancelled the card that had been sent to the old address, issued a new card and offered Miss D £200 in compensation. Miss D wasn't happy with Lloyds Bank's response saying that it changed her whole card number rather than the last four digits when it issued her a new card and it still hadn't explained exactly what had gone wrong. In addition, she wasn't happy with the compensation Lloyds Bank had offered saying that it had made the offer before finishing its investigation. Miss D referred her complaint to our service.

One of our investigators looked into Miss D's complaint but didn't recommend any additional compensation. Miss D asked for her complaint to be referred to an ombudsman for a decision. Her complaint was, as a result, passed to me.

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'm satisfied that Miss D called Lloyds Bank in January 2025 about a transaction that had been declined even though she had sufficient funds. The next customer the agent spoke to called to order a new debit card. I'm satisfied that because of an IT error on Lloyds Bank's side that Miss D's debit card ended up getting cancelled and a new one was sent to an address at which Miss D no longer lived as she hadn't updated Lloyds Bank. I'm satisfied that this meant Miss D – who wasn't using her card at the time for reasons she's shared – didn't become aware that her card had been cancelled until 12 March 2025. I'm satisfied:

- that Miss D tried using her debit card on 12 March 2025;
- that her transaction was declined which was embarrassing; and
- that she noticed when she went onto her Lloyds Bank mobile app that her card number had changed, amongst other things.

I can understand why this would have been worrying for Miss D and can see she called

Lloyds Bank to find out what was going on. I'm satisfied that Lloyds Bank not only cancelled the card that Miss D hadn't received but also sent her a new one that day. And that it then looked into her complaint and worked out what had gone wrong and let Miss D know – that is to say it explained that her card had been cancelled in error because the next customer the agent spoke to after speaking to her in January 2025 called to order a new debit card.

I can understand why Miss D remains unhappy. I'm satisfied she knew her debit card number by heart and so wasn't happy when her new card was issued because the whole number was changed and not just the last four digits. Lloyds Bank has explained that this is because it was issuing a new type of card at the time, so I don't think this change was unreasonable. And I can see why she feels Lloyds Bank should have completed its investigation before finalising its compensation award as it would need to know what had gone wrong to make sure its award was fair. My role is, however, to decide whether the offer that Lloyds Bank has made is in all the circumstances fair and reasonable.

Having thought about it carefully, I'm satisfied that Miss D was unaware her card had been cancelled for over two months – because she was shopping online rather than in person – and that it wasn't until 12 March 2025 that she realised something had gone wrong. I accept that it must have been distressing having a payment rejected – given the circumstances in which it was made – and worrying when she checked her mobile app and saw her card details were wrong. I am, however, satisfied that this was short-lived as Lloyds Bank very quickly identified that her card had been cancelled in error, cancelled the card that had been sent to an out-of-date address and sent out a new card having updated Miss D's address. I'm also satisfied that Lloyds Bank relatively quickly identified what had gone wrong and that this was an isolated incident. Whilst I appreciate that Miss D would like a more detailed explanation, I don't agree that Lloyds Bank in this case needed to say more than it did. That means I agree this incident didn't have the significant impact it could have done on Miss D and that the compensation Lloyds Bank has offered is fair and reasonable.

My final decision

Lloyds Bank PLC has already made an offer to pay £200 to settle the complaint and I think this offer is fair in all the circumstances.

So my decision is that Lloyds Bank PLC should pay £200.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss D to accept or reject my decision before 6 November 2025.

Nicolas Atkinson
Ombudsman