

The complaint

Mr J is unhappy that Lloyds Bank PLC gave him incorrect information about the terms of their credit card account.

What happened

Mr J has a credit account with Lloyds. Mr J's usage of the account involved paying off the full accrued purchase balance every month before the due payment date, so as to avoid paying any interest on the purchases that he'd made that month.

In December 2024, Mr J was considering taking a money transfer from his account but was confused by the wording of Lloyds terms and conditions surrounding that matter. Specifically, Mr J wasn't sure whether, if he took a money transfer and maintained the money transfer balance, whether he would still be able to use his card in the manner he had been – whereby he repaid all accrued purchases on a monthly basis to avoid paying any interest on those purchase amounts.

Mr J therefore called Lloyds on 17 December and asked whether he would incur any interest on his purchase balance if he took a money transfer and continued to use his card for purchases as he had been. In response, Lloyds' agent told Mr JK that he wouldn't incur any interest on his purchases in such a scenario. Having received that reassurance from Lloyds, Mr J then took a money transfer on his account.

Mr J was then disappointed to find that on the next monthly account statement he was charged interest on his purchases for that month. Mr J wasn't happy about this, so he raised a complaint.

Lloyds responded to Mr J and explained that to avoid not incurring any interest on his purchase balance, he needed to clear the full balance of the account – including the money transfer balance – before the payment due date. Mr J wasn't satisfied with Lloyds' response, especially as it contradicted what he'd been told by Lloyds' agent on the phone before he took the money transfer. So, he referred his complaint to this service.

One of our investigators looked at this complaint. They felt that Lloyds' agent had given Mr J incorrect information which it had been reasonable for Mr J to rely on. Because of this, our investigator upheld this complaint in Mr J's favour and said that Lloyds should reimburse all purchase interest charged back to Mr J, pay £300 compensation too him, and give Mr J the option to repay the money transfer without penalty. Lloyds didn't respond to the view put forward by our investigator in a timely manner, so Mr J asked that the complaint be referred to an ombudsman for a final 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'm satisfied that when Mr J called Lloyds to gain clarification on whether his

taking a money transfer would mean that he incurred interest on his monthly card purchases that he was given incorrect information by Lloyds' agent which it was reasonable for Mr J to rely on. Specifically, I'm satisfied that Mr J was effectively told that he wouldn't incur any interest on his purchases when Lloyds' agent confirmed to Mr J that he would only incur interest from the money transfer.

It is notable, having listened to the call in question, that Mr J was read a disclaimer that included a statement which informed Mr J that he would incur interest on his monthly purchases if he maintained a money transfer balance. But this statement was written in similar language to the terms and conditions, which Mr J had read, and his confusion about which had caused him to call Lloyds to seek clarity on. As such, I can appreciate why Mr J didn't fully understand the statement that was read to him, and why he did seek clarity by asking a direct question about the interest to Lloyds' agent.

Unfortunately, Lloyds' agent answered that question incorrectly. But given that Mr J asked his direct question to gain clarity on a point he did not yet understand, it seems reasonable to me that Mr J would have relied on the answer he received from Lloyds' agent when making his decision to take the money transfer. And I feel that if Lloyds' agent had provided Mr J with the correct information at that time, that Mr J would most likely have either not taken the money transfer or if he did take it, would have adjusted his usage of the card to not spend upon it. More importantly, I don't feel that Mr J would have taken the money transfer and continued to spend on the card as he had previously, if he had been given the correct information by Lloyds' agent.

Where it's considered that an unfair outcome has occurred, this service has a remit to return the affected complainant, as much as possible, to the position they would have been in, had the mistake that led to the unfair outcome never occurred. In this instance, I'm satisfied that if Mr J had been given accurate information by Lloyds' agent, that he would most likely have acted differently so as to not incur any interest on his monthly purchase amounts. Accordingly, I'll be instructing Lloyds to reimburse all purchase interest incurred by Mr J since the money transfer was taken back to Mr J's account, either to the date of reimbursement or to the end of the statement period that Mr J's understanding of how the account works was corrected by Lloyds.

I'll also be instructing Lloyds to pay £300 to Mr J as compensation for the trouble and upset that he's incurred here, and (if relevant) to allow Mr J the opportunity to repay the money transfer in full without penalty. In arriving at this compensation amount I've considered the frustration, trouble, and inconvenience that Mr J has incurred here resultant from Lloyds' mistake, alongside the general framework this service uses when assessing compensation amounts, details of which are available on this service's website. And, having taken those factors into account, I feel that £300 is a fair compensation amount.

In his recent correspondence with this service, Mr J explained that he would have been content with the recommendations made by the investigator (which mirror those that I've described above) if Lloyds had responded to our investigators view in a timely manner. While I appreciate Mr J's dissatisfaction, this service doesn't consider any inconvenience or any other impact that may be incurred by a complainant as a result of their bringing their complaint to this service. And this means that I wouldn't look to award any further compensation to Mr J because he is unhappy that Lloyds didn't respond to our investigator in a timeframe that expediated the review of his complaint by this service.

Mr J also asked that Lloyds be required to improve the clarity of the information they present to account holders regarding money and balance transfers. However, this service isn't a regulatory body, and so we don't have the remit or the authority to instruct a business to change how it operates. Instead, our remit and authority is focussed on assessing whether a

fair outcome has or hasn't occurred, in consideration of a specific complaint, and to instruct corrective action and/or compensation if it's felt that what's happened isn't fair. As such, I'm unable to consider Mr J's request in this regard, as it falls outside of my remit and authority.

Putting things right

Lloyds must reimburse all interest charged on purchases from the date the money transfer was applied (December 2024) to the date Mr J was correctly informed about the true terms or to the date of reimbursement, if he Mr J's understanding of the terms was never corrected.

Lloyds must also pay £300 compensation to Mr J.

Finally, if relevant, Lloyds must give Mr J the option of repaying the money transfer in full without penalty.

My final decision

My final decision is that I uphold this complaint against Lloyds Bank PLC on the basis explained above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 23 September 2025.

Paul Cooper
Ombudsman