

The complaint

Mr A complains Lloyds Bank PLC allowed him to spend more money than he had.

What happened

Mr A made a card payment of over £600 on 31 March 2025. This payment adjusted Mr A's available balance, and he couldn't spend it. By 5 April 2025 the card payment still hadn't been taken by the merchant, and the money was made available again.

Mr A then spent this money, and the card payment was collected on 7 April 2025. By this point, Mr A didn't have enough money in the account, so it went overdrawn.

Mr A complained to Lloyds and it said card payments are put aside for five days, but if the merchant doesn't claim the money in this time, it's made available again. Lloyds said it was honouring a previous £50 payment it had said it would make.

Lloyds also offered Mr A some help with his finances if he needed it.

Unhappy with this response, Mr A brought his complaint to this service. An investigator looked into things but didn't think Mr A's complaint should be upheld.

The investigator said most card payments are taken within the five days, but reappear if they're not taken. The investigator didn't think Lloyds had made a mistake.

Mr A disagreed and said he was never notified the money hadn't left his account. Mr A said the money reappeared in his account without him being warned it was linked to a payment he'd already made.

Mr A said he'd checked his statements and couldn't see the money going in and out.

Mr A asked for an ombudsman to decide his complaint.

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 think there's a little bit of a misunderstanding around what happened with the card payment Mr A made. When Mr A made the card payment the merchant got an authorisation code, so it knew Mr A had the money.

This code also tells Lloyds Mr A's spent the money, so it adjusts his available balance. But the payment hasn't been collected by the merchant yet, and it won't show on Mr A's statement until it's been collected.

This balance adjustment lasts for around five days, and if the merchant doesn't collect the money in this time, Mr A's available balance will increase. Most card payments are collected

in the five days, so it's rare for what happened to Mr A to happen.

This means the card payment Mr A made won't show on his statements more than once, it will only show when it's collected. And the payment was collected more than five days after it was authorised.

This meant Mr A's available balance increased and he was able to spend the money he'd already paid out on his card. Lloyds had no option to pay the merchant when it collected the money, Mr A had made a card payment, and it had been authorised.

It's a really unfortunate set of circumstances, but I don't think Lloyds made a mistake. I think the issue is with the merchant, it should have collected the money sooner than it did.

Mr A went overdrawn and I can see Lloyds has allowed Mr A to take money he's received after his account went overdrawn. Lloyds could have used this money to repay its overdraft, so I think it's been very fair in allowing Mr A access to all the money he's received.

I can also see Lloyds has spoken to Mr A about arranging a plan to repay the debt, and because Mr A's account is a basic account Lloyds hasn't been charging interest.

I don't think Lloyds made a mistake here. It authorised a card payment Mr A made and gave the merchant an authorisation code. Lloyds then put this money aside, so Mr A couldn't spend it.

But, when it wasn't collected, the money became available again, but I don't think I can fairly hold Lloyds responsible for this. Since I don't think I can fairly hold Lloyds responsible for Mr A's overdraft, I don't think Lloyds needs to do anything to resolve Mr A's complaint.

My final decision

My final decision is I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 6 October 2025.

Chris Russ
Ombudsman