

The complaint

Ms M complains that Lloyds Bank PLC failed to follow her instructions when her fixed rate ISA matured. She's also unhappy with Lloyds' handling of her complaint.

What happened

Ms M's ISA with Lloyds came to the end of its fixed term on 17 July 2024. In June 2024 Ms M returned the maturity form Lloyds had sent her with instructions to re-invest in a one-year fixed term ISA at a fixed rate of 4.45%. Lloyds didn't follow that instruction, and at maturity the ISA became an instant access ISA paying a variable rate of interest, initially at 1.45%.

In September 2024 Ms M visited a Lloyds branch for a pre-arranged appointment to discuss her savings. But on arrival Lloyds told her that it had cancelled her appointment. Ms M was unhappy that it had done so without notice. The branch arranged for her to speak to its savings team on the phone. She then found out that Lloyds hadn't carried out her maturity instructions in July. It said it hadn't received the form she sent it.

Lloyds agreed to move Ms M's money into a one-year fixed rate ISA and backdate the interest rate of 4.45% to 17 July 2024. But when Ms M visited a branch again in January 2025 she found that hadn't happened – her ISA had remained instant access earning a lower rate, which by then was 1.35%. She made a complaint.

Lloyds apologised and said it had corrected Ms M's ISA by backdating the 4.45% interest rate she should have had. It also paid her £150 compensation.

Ms M referred her complaint to us. She said she hadn't received Lloyds' final response letter, and if the letter had been sent at all then it had been outside the eight-week timescale within which Lloyds should have given her its answer.

Our Investigator said that Lloyds had done enough to put things right, so she didn't recommend that it pay Ms M any further compensation. Ms M didn't accept that and asked for an Ombudsman's review, so her complaint has been referred to me to decide.

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, while I realise this isn't the outcome Ms M was hoping for, I share the Investigator's view that Lloyds has done enough to resolve this complaint fairly.

There's no dispute that Lloyds didn't follow Ms M's instruction on maturity of her ISA in July 2024, and it then failed to correct that as it said it would when the problem came to light in September 2024. I'm satisfied that it has, however, now put that right, as it explained in its March 2025 final response letter.

Lloyds has:

- moved Ms M's money into a one-year fixed rate ISA at 4.25%, with a maturity date of 18 March 2026. This was the fixed interest rate it had available for a one-year term when it took corrective action in March 2025;
- calculated the interest Ms M would have received if her money had been in the one-year fixed rate ISA paying 4.45% between 17 July 2024 (when Ms M's previous fixed term ended) and 17 July 2025 (because in June 2024 Ms M had chosen a one-year fixed term). From that sum it has deducted the interest she has actually received – first on the instant access variable rate and then on the 4.25% fixed rate – giving a total amount of lost interest of £1,084.56;
- agreed to pay the lost interest of £1,084.56 when the current 4.25% fixed rate ends in March 2026;
- given Ms M the option of withdrawing from her ISA or choosing a new rate after 17 July 2025, even though the current fixed rate doesn't end until 18 March 2026 – in recognition of the fact that she didn't choose the 4.25% fixed rate.

Lloyds has provided details of its calculations, which we have shared with Ms M. Ms M has said her ISA statements don't reflect the backdated interest and she's concerned that Lloyds' calculation under-compensates her. Ms M's calculation however is for the full year's interest at 4.45%. What Lloyds has done – and as I'm satisfied it has demonstrated – is calculate the difference between the interest she has actually received and the interest she should have received. I would expect the statement issued following maturity in March 2026 to include the £1,084.56 interest payment, as Lloyds set out in its final response letter. If it does not, that would need to be the subject of a fresh complaint.

I haven't seen anything to show that Lloyds has penalised Ms M for withdrawals, and I don't consider that there's any basis on which to fairly award Ms M interest on her savings at 8%, since that rate was never available to her. The purpose of compensation for financial loss is to put the complainant in the position they would have been in, as far as possible, had no mistakes been made. I'm satisfied that Lloyds has done that, based on its calculation and its undertaking to credit the lost interest to Ms M's account in March 2026.

In deciding this complaint I've thought carefully about what Ms M has told us about her disability and resulting vulnerability, and I recognise that she has found this matter very stressful and worrying. I've also taken account of what she has said about the time it took for Lloyds to reply to her complaint, that she didn't receive the final response letter, and Lloyds' overall treatment of her, including the cancelled branch appointment.

Having done so, I consider that Lloyds' payment of £150 compensation was fair and reasonable in all the circumstances, and not out of line with our published guidance.¹ While Lloyds made mistakes and this complaint has gone on for some time, there was never any indication that Ms M's money was lost, for example, and Lloyds had assured Ms M it would put things right. I must also keep in mind that it's not for me to issue fines or penalties. I consider all the circumstances rather than making an award for each mistake or shortcoming.

For these reasons, I don't require Lloyds to make a further payment of compensation to settle this complaint.

¹ <https://www.financial-ombudsman.org.uk/consumers/expect/compensation-for-distress-or-inconvenience>

My final decision

My final decision is that Lloyds Bank PLC has made a fair offer of compensation. I make no order or award.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms M to accept or reject my decision before 8 March 2026.

Janet Millington
Ombudsman