

## **The complaint**

Miss B and Ms G complain that Lloyds Bank General Insurance Limited (“Lloyds”) failed to collect premiums, and unfairly cancelled Miss B’s home buildings insurance policy.

I’ll refer to Miss B for ease. For clarity Ms G is Miss B’s mother.

## **What happened**

Miss B said her policy renewed on 15 September 2024. A premium was paid on 14 October. She said Lloyds sent her a letter dated 6 November telling her no payment could be taken, and her insurance would be cancelled. Miss B said she verified with her bank that the Direct Debit instruction was still active, which it was.

Miss B said Lloyds’s agents failed to understand what had happened. It requested payment for missing premiums, despite having received payment for insurance cover up to 14 November 2024. Miss B said Lloyds subsequently cancelled her policy as of 14 October and charged her £35 for doing so. She said that no changes were made to her Direct Debit instruction and payments had been collected with no issues prior to this. Miss B didn’t think she’d been treated fairly and complained.

In its final complaint response Lloyds said Miss B’s policy year began on 15 September 2024. She paid monthly, and the first instalment was collected on 14 October. This covered the period from 15 September to 15 October. Lloyds said it received a notification that the Direct Debit instruction was amended on 6 November. This triggered a letter to Miss B that said her November payment couldn’t be collected.

In its response Lloyds said that when Miss B contacted it on 13 and 15 November 2024, it offered to reinstate the Direct Debit instruction. But it said she refused. As no payments could be collected it cancelled the policy and applied a fee as per its policy terms and conditions. Lloyds said it could reinstate Miss B’s policy if she paid the outstanding premiums.

The business sent a further response in late December 2024. It apologised for misspelling Miss B’s name in a letter it had sent her. In response to concerns she raised, it said its agent had completed the relevant verification process regarding a Subject Access Request (SAR) Miss B had made.

Miss B maintained that Lloyds had treated her unfairly and referred the matter to our service. In its submissions Lloyds made an offer to resolve her complaint. It said it hadn’t considered that Miss B had changed the name on her bank account. Had this been noticed it said this could have been confirmed as the cause of the issue. The business offered an apology for not identifying what went wrong. It conceded that a more thorough investigation should have taken place.

Lloyds offered Miss B £250 compensation. It confirmed there were no external records of the cancellation that could impact on Miss B's future insurance. It said she had the option to pay her outstanding premiums, and it would reinstate the policy. Alternatively, Miss B could choose to start a new policy if she wished.

We put this offer to Miss B, which she rejected. One of our investigators then considered her complaint. She was satisfied the evidence showed an amendment had been made by Miss B's bank, which triggered the Direct Debit instruction to cancel. Our investigator thought what Lloyds had offered was fair and so didn't ask it to do anymore.

Miss B didn't agree with our investigator's findings and asked for an ombudsman to consider her complaint.

It has been passed to me to decide.

I issued a provisional decision in September 2025 explaining that I was intending to uphold Miss B's complaint. Here's what I said:

*provisional findings*

*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 my intention is to uphold Miss B's complaint. I'm not adding to the offer Lloyds made. But I have referred to new information in my decision. Let me explain.*

*Miss B has set out detailed legal arguments regarding how Lloyds breached its requirements under the General Data Protection Regulations (GDPR). Additionally, she refers to a breach of its insurance contract and sets out the 'relief' she is seeking because of these breaches.*

*If Miss B requires legal consideration of whether a breach of contract has occurred, she will need to seek this via a legal route. Our service provides an alternative form of resolution. My decision will consider the evidence, testimony, and what I consider to be fair and reasonable. If Miss B wants to follow a legal route, she can withdraw her complaint or reject my decision. She will then be free to pursue her dispute as she sees fit. But ultimately my decision is based on what I consider to be fair and reasonable considering all the evidence and circumstances of this complaint.*

*I've looked at the billing information Lloyds provided. It received a code that showed Miss B's Direct Debit instruction was amended by her bank. This notification was received on 6 November 2024. I acknowledge Miss B's comments that her bank told her the Direct Debit instruction was still active. But this differs to the information Lloyds has provided.*

*The letter Lloyds sent to Miss B on 6 November 2024 said that it couldn't take a payment. Miss B understood that her October payment covered her until mid-November. So, she disagreed with Lloyds that she owed money at this time. However, Miss B's premiums are paid in arrears. So, there was an outstanding balance owed at that time.*

*I asked Lloyds why it referred to a failed payment, when the next collection wasn't due until around a week after its letter dated 6 November 2024. It responded to say its letter was 'generic' and so not tailored to the specific circumstances of Miss B's case. But it said it was made clear there was a problem collecting payments. And it confirmed what would happen if Miss B didn't make contact.*

*Lloyds has subsequently advised that there was a name change on Miss B's bank account.*

*It considers this is the reason for the Direct Debit notification it received. However, Miss B is adamant that the bank account name wasn't changed. She confirmed that 13 premiums had been collected prior to November 2024, without any issue, using the same bank account. It's now understood that Miss B's premiums are paid from her mother's account. She said that this is the account she has always used to make payments. Meaning Lloyds's reason for the Direct Debit cancelling doesn't make sense.*

*In its submissions to our service Lloyds said the policyholder's name must match with the bank account being used to pay premium instalments. However, in this case Miss B's mother paid her premiums. This is something Lloyds said it doesn't allow. This doesn't appear to have been identified until sometime after the Direct Debit issue occurred.*

*I asked Lloyds if this was the underlying reason behind the Direct Debit issue. It responded to say that it wasn't. It maintained that the Direct Debit instruction had been amended by Miss B's bank. It said it didn't receive specific details explaining what this was or why. It said that if Miss B didn't change the name on her bank account, then it can't explain what prompted the notification it received.*

*From what I've read there was some confusion caused by the wording of Lloyds's letter dated 6 November 2024. A payment hadn't been requested for November at this point. So, the message that a payment couldn't be taken, didn't tell the full story. Miss B wasn't correct when she said she'd paid up to mid-November. This is because her policy was paid in arrears. She'd only paid up to mid-October. But the crux of the issue was that the Direct Debit instruction was no longer working - not that there was money outstanding.*

*What is clear is that Lloyds received a notification due to something Miss B's bank had done. This then triggered the letter that was sent to Miss B asking her to make contact within 21 days or the policy would cancel. I can see from her policy terms and condition that Lloyds is able to cancel when monthly payments are not made, and it will charge a cancellation fee in these circumstances.*

*I've listened to the call recording when Miss B phoned Lloyds on 13 November 2024. Miss B was clear that the letter she received was factually incorrect, as she had paid up to mid-November. As discussed, this wasn't the case as premiums were paid in arrears. But the agent couldn't provide a clear explanation of what the problem with the Direct Debit instruction was. The agent offered to take a card payment for what was owed up to the November collection date. In addition to reinstating the Direct Debit instruction to allow premiums to be collected going forward. Miss B refused to allow this as she said the instruction was still in effect. Lloyds's agent said she couldn't identify anything more about the reason for the notification, and suggested Miss B could contact her bank.*

*I don't dispute that Miss B's bank told her that the Direct Debit instruction was still active. But I have seen the notification Lloyds received – this showed an amendment had been made. This meant it could not collect premiums, and a contact letter was triggered. Based on this evidence, although it's not known why the notification was sent to Lloyds, this meant it couldn't collect any payments. Its letter could have been worded better, but it did explain that no payments could be taken, and contact was needed. This instigated Miss B to call Lloyds. If, at this point, she had agreed to allow the reinstatement of the Direct Debit instruction its possible the matter could have been resolved. But Miss B was adamant that it was Lloyds's fault, and she disputed owing any money.*

*Having listened to the call recording I think the agent could reasonably have explained that payments are taken in arrears. This may have helped. But Miss B was given the option to reinstate her payment method. She refused to allow this. I think it would have been reasonable for her to agree to the reinstatement. Regardless of how the issue occurred, the*

*Direct Debit instruction had to be reinstated so that the policy could continue. A complaint was logged during this call to deal with Miss B's concerns. So, had she agreed to reinstate the Direct Debit instruction - the policy could have continued. Lloyds could then have dealt with the concerns she raised through its complaint investigation.*

*In its post-complaint offer Lloyds said it hadn't queried the name change with Miss B's bank account. Had it done so and explained that the account name and bank account name must match – this may have prompted Miss B to tell it about the name change. Based on this oversight it was prepared to offer an apology, £250 compensation, confirmation the cancellation would have no impact on future insurances, and the opportunity for Miss B to reinstate her policy.*

*Miss B didn't change the name on the bank account used for her Direct Debit instruction. When I asked Lloyds about its approach for the policyholder and bank account names to match - it said the fact they didn't match in Miss B's case wasn't the reason for the Direct Debit issue.*

*Having considered all of this, I don't think Lloyds explained the situation clearly, in both its letter and in the call I've listened to. I think this confused matters. But Miss B must act reasonably to mitigate the impact of any issues that arise. This could have been achieved by agreeing to reinstate her Direct Debit instruction. In these circumstances I think Lloyds's offer of redress is fair. Miss B can decide whether she wants to pay the outstanding premiums and reinstate her policy.*

*Miss B raised concerns that her identity wasn't verified when she made a SAR. In its second complaint response Lloyds said it had listened to the call when this was requested. It said verification was completed at the start of the call. It explained an additional verification wasn't needed when a SAR was made in the same call.*

*I don't have a recording of this call. But there's no dispute that it was Miss B that made the SAR. There's no suggestion that information was shared with an unauthorised person. Lloyds explained that the validation checks at the beginning of the call were carried out. Based on this information I can't see that Miss B was treated unfairly.*

*I agree with Lloyds that it was appropriate for the business to offer an apology for a misspelling in its response to Miss B's information request. But I think what it has offered is fair, so I won't ask it to do more than this.*

*I asked both parties to send me any further comments and information they might want me to consider before I reached a final decision.*

*Lloyds responded to say that it accepted my provisional decision.*

*Miss B responded to say her Direct Debit instruction was never cancelled. She reiterated that no name change had occurred and commented that the documentation she has read doesn't refer to payments taken in arrears. Miss B said Lloyds's cancellation was misleading and she was unfairly encouraged to reinstate the Direct Debit instruction when this had not been cancelled.*

*In her response Miss B said her SAR was processed without proper identity verification. And her name was misspelled in correspondence. She also said she was forced to take out new insurance and disclose the cancellation, which caused additional harm that has not been acknowledged.*

## **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 persuaded that a change to my provisional findings is warranted.

The evidence showed Lloyds received a notification from Miss B's bank. This indicated the Direct Debit instruction had been amended. As discussed in my provisional decision this is what prevented further payments being collected and triggered contact with Miss B. I acknowledge her further comments, but this doesn't alter my view on the matter.

I discussed the name change issue within my provisional decision. I've seen nothing to change my view on this from Miss B's further comments. I said the cancellation letter could have been worded better. So, I agree with what she said on this point. But I'm satisfied Lloyds's offer does enough to put right the impact this had on her.

I acknowledge what Miss B said about payments being taken in arrears. However, her policy year began on 15 September 2024. The first payment was taken on 14 October. It's clear from what I've read that payments were taken in arrears.

There is no dispute from Miss B that she made the SAR she has referred to. Lloyds maintains that the correct checks were carried out. I acknowledge her concern that her identification wasn't verified correctly. But as discussed in my provisional decision there is no suggestion that information has been shared with an unauthorised person. Lloyds explained that it completed checks at the start of the call. It said this didn't need to be repeated later in the call when Miss B made her SAR. Having reconsidered all of this I don't think Miss B was treated unfairly here.

I'm sorry for the inconvenience Miss B refers to when taking out new insurance. But I think she could reasonably have agreed to reinstate her Direct Debit instruction at an early stage. This would have negated the need to take out new insurance.

In summary I don't think Lloyds treated Miss B fairly when explaining what had happened and when misspelling her name. But I think its offer of redress is fair so I won't ask it to do more than this.

## **My final decision**

My final decision is that I uphold this complaint. Lloyds Bank General Insurance Limited should:

- pay £250 compensation for the distress and inconvenience it caused;
- reinstate Miss B's policy on receipt of payment of the outstanding premiums, should she choose to pay this.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B and Ms G to accept or reject my decision before 1 December 2025.

Mike Waldron  
**Ombudsman**