

The complaint

Miss O complains that Lloyds Bank PLC provided her with poor service when she was trying to access funds.

What happened

Miss O holds a current account with Lloyds. Previously, the account had an arranged overdraft; now, though, that facility has been removed and is unavailable for use. That's because Miss O made a complaint to Lloyds about irresponsible lending, which was upheld. Lloyds refunded Miss O some charges and interest, and it applied that money to her outstanding balance; it removed the arranged overdraft, and Miss O was ultimately left with a small unarranged overdraft debt.

Before removal of the arranged overdraft facility, Lloyds provided notice to Miss O so she could plan appropriately. It also told Miss O that she would need to contact its specialist team if her account remained overdrawn.

Miss O's account did remain overdrawn, and some credits were paid into it. The money wasn't immediately used to repay her unarranged overdraft debt, but she did have to call Lloyds to arrange access to it. Miss O found that inconvenient, particularly because she was abroad during one instance and she incurred large charges from her mobile phone operator.

Miss O complained to Lloyds, and upon review the bank agreed that it could've provided better service on occasion. It acknowledged in particular that it could've been quicker to provide support during one phone call, and it said it would review Miss O's phone bill as a result. Lloyds paid Miss O £30 compensation for the inconvenience she'd experienced, and it ultimately refunded around £54 in call costs too. The bank also reviewed Miss O's assertion that she'd been told she wouldn't have to call each and every time she needed access to funds paid into the Lloyds account. It didn't, though, find evidence to support Miss O had indeed been given such information.

Unhappy with Lloyds' response, Miss O contacted this Service for independent review. She remained of the view that it was unfair to expect her to call Lloyds each time to access money; moreover, she maintained that she had been told such contact wouldn't be necessary. Miss O also said she she'd been treated differently because of her race.

Our Investigator reviewed what had happened, and they didn't think Lloyds had done enough to put things right. They said, in summary, that Lloyds hadn't fully taken account of Miss O's vulnerabilities when speaking with her on the phone – despite being aware of them – and, as such, it should increase its compensation offer to £100. Aside from that, though, Lloyds hadn't done anything wrong by adhering to its process in situations like this; it wasn't unreasonable of Lloyds to require Miss O to call, given the state of her account and the bank's approach to such circumstances, and there wasn't any evidence to suggest Lloyds had told her she wouldn't have to.

Lloyds accepted the Investigator's view, and it agreed to pay Miss O a further £70 – on top of the £30 she'd already received. Miss O, though, didn't accept. She was adamant that she was told she wouldn't have to call every time to access any funds paid into the account, and maintained that she'd been treated differently due to her race.

As no agreement has been reached, Miss O's complaint has now been passed 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.

At the outset, I'll explain that I haven't commented on each and every point Miss O has made, but I want to reassure her that I have read everything she – and Lloyds – have said and provided. Put simply, I've focussed on what I deem to be the crux of the matter. That's because our role is to be an informal service; I don't intend any discourtesy in my approach, it's simply to align with that purpose.

Turning to the merits of Miss O's complaint, once her arranged overdraft had been removed, I entirely accept that she found it frustrating to have to call Lloyds each time to arrange access to money. Even so, while I understand her perspective, I don't think Lloyds did anything inherently unfair or unreasonable in relation to that point. Rather, I'm satisfied that Lloyds provided the opportunity for Miss O to make alternative banking arrangements; it told her about the need to plan appropriately for her arranged overdraft being removed, as well as the need to contact the bank if the account was then in an unarranged overdraft state. I'm satisfied too that Miss O knew and understood this; it's unlikely she'd have called Lloyds if she wasn't aware.

Miss O considers the requirement to call Lloyds *each time* she wanted access to money in the account to be onerous and unreasonable. She's mentioned how she was told by one of Lloyds' agents that this wouldn't be required. But having looked over the contact notes provided and listened to the available call recordings, I can't see that Lloyds did, in fact, tell Miss O she wouldn't need to call each time.

That's not to say I doubt Miss O's recollection, it's entirely plausible that she was under the impression she wouldn't have to call, but I can't say that Lloyds did formally advise that would be the case. Instead, from the evidence I have, it seems that Lloyds recorded details of Miss O's overall situation and wider circumstances, so she wouldn't need to repeat *that* information; but such action didn't mean she wouldn't need to call to arrange access to money paid to the account, as per Lloyds' process. I think, on balance, that's most likely the true position.

Lloyds has set out that procedure for accounts like Miss O's – where access is required to funds paid in while an unarranged overdraft exists – is for customers to speak to a specialist team, who can essentially ensure that money which shouldn't be earmarked to repay the debt isn't mistakenly used for that purpose. As above, I can see Lloyds did provide the opportunity for Miss O to make alternative banking arrangements and avoid this scenario – but in the apparent absence of her doing so, I can't say that Lloyds has acted unfairly or unreasonably in following the process it employs for such situations.

I'll add too, just generally, that it isn't for our Service to tell a financial business how to operate or to change its processes or procedures. So, overall, I can't fairly conclude that Lloyds did something wrong regarding its requirement for Miss O to call. It follows that I don't think the bank should generally be expected to cover the costs.

That said, looking at the calls Miss O did make to Lloyds, I noted how the bank itself has agreed that some aspects could've been better. It's already refunded a portion of the call costs given one call ought to have been shorter than it ultimately was, and it paid £30 compensation for the inconvenience caused; I'd agree that's the right approach where Lloyds can identify the general service it provided wasn't what should be expected. It's also agreed to pay a further £70, in line with our Investigator's recommendation.

Overall, in all the circumstances here, I think that's a fair and reasonable resolution. Lloyds has acknowledged that it could've provided better service; it's reimbursed Miss O for some unnecessary time spent on the phone, and it's offered to pay compensation for the inconvenience caused as a result. That, I think, puts Miss O back in the position she should've been in – given she'd always have had to call Lloyds, just not to the length that she did on one occasion – and it compensates her appropriately.

Aside from that, Miss O has said she believes she was treated differently because of her race. I am truly sorry to hear that she feels that way. Before addressing this point, it's important for me to set out that I have no power to determine whether Lloyds has breached legislation – like the provisions of the Equality Act 2010, for example – only a court can decide this. What I can do, though, is consider whether Lloyds treated Miss O fairly – taking into account the law, amongst other things.

Here, from what I've seen, Miss O hasn't provided any specific examples of incidents during which she believes she was discriminated against. Rather, Miss O has made a general complaint about the service she received, and she's reiterated several times that she thinks Lloyds behaved differently towards her because of her race.

In my view, though, what's been shown is that Lloyds could've provided Miss O with better service. That's something the bank readily acknowledges and identified for itself. I've listened to the calls Miss O held with Lloyds, some were clearly distressing for her, and I certainly don't mean to downplay how she felt during them. But while I agree that some calls could've been clearer or more efficient, for example, I considered Lloyds' staff to be polite and professional throughout – and I didn't come across anything which suggested Miss O was being treated differently to any other customer. Instead, I think – much as Lloyds does – that on some occasions the service simply could've been better.

In conclusion then, my view is that Lloyds has now offered to do enough to put things right. It's agreed to pay an additional £70 compensation to Miss O, on top of what it's already paid, and I consider that to be a reasonable way to resolve this dispute. So, that's what I require Lloyds to do.

My final decision

My decision is that Lloyds has now made an offer which is both fair and reasonable in all the circumstances. So, I require Lloyds Bank PLC to pay Miss O a further £70 compensation – just as it's offered to do.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss O to accept or reject my decision before 31 March 2026.

Simon Louth
Ombudsman