

The complaint

Mr B, with the assistance of a representative, complains Lloyds Bank PLC changed the address it held for him to an address of a third party without his consent, which consequently led to delays in him getting a replacement debit card. He also complains Lloyds changed the address it held for the third party, to his address, and this was a further data breach.

What happened

Mr B explained he separated from his wife, Mrs B in 2022. Mr B's representative explained that by 2023 their financial affairs had been separated and were all held individually, with Mr B's address correctly changed to a new address.

Mr B's representative explained Mr B suffered from poor health and he obtained and registered a Lasting Power of Attorney (LPA) with Lloyds. Mr B subsequently changed addresses again in June 2024. Mr B's representative has said when Mr B's address was changed with Lloyds, Lloyds changed the address it held on file for Mrs B's to Mr B's new address in error.

In September 2024, Mr B lost his debit card. He telephoned Lloyds but was unable to pass security despite providing correct answers to the security questions. The adviser explained the postcode didn't match the one they had on the system. Mr B's representative intervened and following a long telephone conversation with Lloyds, discovered Mr B's address had been changed to an address Mrs B had recently moved to.

Mr B's representative explained this address shouldn't have been disclosed to Mr B. Mr B's representative has provided details of the subsequent serious impact this had in a series of correspondence, both parties are aware of this, so I will not repeat it here.

Mr B therefore complained the address Lloyds held for him was changed without his authority to an incorrect address. He has also complained Lloyds provided his address information to Mrs B without his consent. Mr B claims these two errors are both serious breaches of data protection legislation.

Mr B also explained this error meant he couldn't cancel his debit card or order a new one for two weeks, leaving him without means to pay for essentials or withdraw cash. Mr B had to borrow money and described visiting a branch of Lloyds with his representative, but was still unable to resolve the issue.

Lloyds wrote a final response letter to Mr B. It explained it couldn't order a new card for Mr B until his address had been updated, but accepted its service could have been better during the telephone call and other options could have been explored. Lloyds also confirmed the LPA hadn't been registered on Mr B's account. It said it had no reason to doubt Mr B visited the branch to arrange this, but it couldn't explain why it hadn't happened.

Lloyds explained how Mr B's address had been changed to Mrs B's address. Lloyds said this was because of a joint annuity policy held by Mr and Mrs B, which was opened with Scottish Widows, now part of Lloyds banking group. It explained the system used for these policies *'will only support one customer's address and isn't able to accept that both parties to a jointly held annuity policy may have a different address.'* Lloyds explained when the address for this product was updated, it also resulted in the address being updated across Mr B's banking products with Lloyds.

Lloyds accepted this shouldn't have happened and was undertaking work to improve the system. Lloyds also confirmed it had reported the breach to the Information Commissioners Office (ICO)

Lloyds said it was sorry to hear how upsetting this had been for Mr B and offered £750 compensation.

In response, Mr B said he didn't accept the change on the Scottish Widows system had changed his address across all his Lloyds accounts. He said the compensation offered of £750 was an insult for the impact caused, again detailing the impact this had had on Mr B.

Our investigator thought the offer of £750 compensation was reasonable and fair for the impact these mistakes had had on Mr B, explaining they thought this was in line with what our service would recommend in the circumstances.

Mr B responded to our investigator's recommendation stating he didn't agree with the level of compensation offered and didn't think the offer could be seen as '*any form of punishment*'.

As Mr B rejected our investigator's recommendation his complaint has been passed to me to make 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.

I was sorry to hear about the difficulties Mr B has recently faced and appreciate it must have been a very difficult time for him. I also realise how strongly Mr B feels about his complaint. Although I may not mention every point raised, I have considered everything but limited my findings to the areas which impact the outcome of the case. No discourtesy is intended by this, it just reflects the informal nature of our service.

Where evidence is incomplete, inconclusive or contradictory, I have to make decisions on the balance of probabilities – that is, what I consider is more likely than not to have happened in light of the available evidence and the wider surrounding circumstances.

Firstly, this decision is concerned with the impact on Mr B alone as the eligible complainant. Mr B's representative has included details of impact on third parties; I can only consider the impact on Mr B in this decision.

Secondly, I was pleased to see Lloyds has accepted it made mistakes and offered apologies for the impact this had on Mr B and already made an offer of compensation. Lloyds has explained how the most significant issue, that of the address changes, occurred and is taking action to remedy this. I have no reason to doubt Lloyds' explanation already provided to Mr B about how and why the address was changed. In my experience, it isn't unusual for businesses to update addresses across a range of products and subsidiary companies within a banking group, when one products details are updated. This is what apparently occurred here, and I can see Lloyds has accepted it needs to take some remedial action to ensure that this system is corrected.

I was also pleased to see Lloyds has recognised there were potential data breaches and has reported this to the ICO.

I appreciate Mr B has not accepted the compensation offer, and I would assure Mr B I have read all the submissions made by his representative after our investigator's recommendation.

In summary, these submissions have reiterated the significant impact on Mr B, which I accept was serious. They have given reasons for why Mr B considers compensation should be increased. The outstanding issue therefore appears to be the compensation offered to Mr B and whether this award is fair and reasonable in the circumstances.

I can see Mr B's representative has requested compensation to be increased, mentioning £10,000 in one instance, explaining that the current offer wasn't a punishment. It may therefore help if I explain how our service decides on compensation awards.

Where our service finds a business has made a mistake or provided poor service, as we have here, we seek to put the customer back in the position they would have been in had the issues not occurred. Our service doesn't have the powers to fine companies or change businesses process or procedures, we can only consider whether the customer was treated fairly and reasonably in the circumstances of the case in hand. We consider what happened, the impact that had on the consumer and what resolves the issues fairly and reasonably for all parties considering all the circumstances.

Importantly, our role isn't to punish or regulate businesses, our service can't fine businesses this is the role of the regulator, the Financial Conduct Authority (FCA). I've taken data protection legislation into account when making my final decision on this complaint, as it is relevant law, but my role is to decide what is reasonable and fair.

Mr B, as the eligible complainant, hasn't provided evidence of any financial loss caused to him because of Lloyds errors. I have considered whether the data breach caused any further impact to Mr B other than understandable distress, but I am mindful the breaches were to a known party and didn't apparently lead to any losses through fraud or scams.

In these circumstances, our service would concentrate on whether Mr B should be compensated for the distress and inconvenience caused. We have published guidelines on the compensation we can award for distress and inconvenience which can be found on our website.

I am, satisfied, from the evidence provided by Mr B's representative, Mr B had some vulnerabilities and suffered considerable distress and upset with significant inconvenience and disruption which took a lot of effort to resolve. This occurred because of errors made by Lloyds and lasted a few weeks.

Having carefully considered the guidelines, I am persuaded the compensation already offered by Lloyds is in line with what our service would expect for the issues and impact described.

I appreciate Mr B will likely be dissatisfied with this, but I trust I have explained in sufficient detail the limitations of our service when awarding compensation. I also trust my rationale for this decision, and why I am not persuaded it would be reasonable or fair in the circumstances to require Lloyds to pay a higher award, is clear to Mr B and his representative.

I would finally like to remind Mr B that if he rejects my decision, neither party would be bound by it, and Mr B may be able to pursue legal action against Lloyds if he wished.

My final decision

For the reason I have given, my final decision is I require Lloyds Bank PLC to pay Mr B £750 compensation for the distress and inconvenience it caused him.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 3 December 2025.

Gareth Jones
Ombudsman