

The complaint

Mrs N has complained Lloyds Bank PLC paid her inadequate compensation after being a victim of theft left her vulnerable. She was also concerned about the customer service issues she had.

What happened

Last December Mrs N had her purse stolen. This left her feeling extremely vulnerable. She still had to manage the family finances at a difficult time of year and because she was keen to minimise any risk using a cash machine tried to withdraw £2,500 within branch. This proved unsuccessful. She ended up withdrawing two lots of cash (£800 and £500) from two different cash machines instead.

Mrs N felt she had no choice but to use a cash machine again on 27 December to withdraw £500. The cash machine half-swallowed her card but Mrs N got no cash. She tried again to withdraw funds, but this proved unsuccessful.

Mrs N complained to Lloyds. Lloyds initially refunded £500, along with £50 compensation, to her account but then re-debited £500 as an investigation of the cash machine showed no issues. Mrs N complained again. Lloyds refunded £500 for the cash machine withdrawal along with a further £80 for the inconvenience Mrs N had had.

Mrs N remained dissatisfied. Lloyds gave Mrs N interest for the time she'd not had access to her funds along with a further £20.

Remaining unhappy, Mrs N brought her complaint to the ombudsman service. She felt that a further £250 compensation was appropriate.

Our investigator understood Mrs N's concerns but felt that Lloyds had provided fair and reasonable compensation. She wasn't going to ask them to do anything further.

Mrs N has asked an ombudsman to review her complaint. She believed proper consideration should be given to her vulnerability and family situation.

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've reached the same outcome as our investigator. I'll explain why.

When we consider complaints about customers not receiving the money they'd expected when trying to withdraw cash at a cash machine, we generally ask banks to repay the missing funds and pay interest for the time this was missing. It's not standard to ask banks to pay compensation unless customer service merits this. We also consider the timescale during which these issues are resolved.

In Mrs N's case, the non-cash dispense took place on 27 December 2024. Lloyds provided

compensation and repaid those funds on 18 February 2025. The first thing I am able to confirm is that this is a reasonable timescale for Lloyds to resolve this complaint. Her money was refunded and 8% interest was paid for the time she was without money, which was a limited period.

I've also considered what Mrs N has told us about her vulnerability, and being a victim of fraud. I agree being a victim of fraud can be very debilitating. Mrs N already knows that we don't provide compensation just because someone is a fraud victim. And I know she accepts that what happened wasn't Lloyds' fault. I have considered the anxiety caused to her and whether Lloyds' actions exacerbated this. Whilst there is some debate around Mrs N being told she had no choice but to use a cash machine, I think the compensation is fair as I confirm below.

That said, I can see the problems she will have had withdrawing cash in branch before Christmas last year will have compounded her fears about being a victim. I can't, however, criticise Lloyds for putting measures in place to protect Mrs N. This is what happened when she was in branch and was unable to withdraw £2,500 she wanted. So, I agree compensation may be payable for this but I believe Lloyds' actions were motivated by them trying to protect her. At a maximum I may have asked Lloyds to pay her £150.

Therefore overall, I believe Lloyds has given fair and reasonable compensation to Mrs N.

I appreciate the strength of Mrs N's testimony. I am sure she will be disappointed by the outcome I have reached but I won't be asking Lloyds to do anything further.

My final decision

For the reasons given, my final decision is not to uphold Mrs N;'s complaint against Lloyds Bank PLC.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs N to accept or reject my decision before 6 January 2026.

Sandra Quinn
Ombudsman