

The complaint

Miss S complains Lloyds Bank PLC transferred all of the funds in her current account – rather than £4,000 – into an ISA meaning she didn't have access to her money when she needed it. She says this has caused her considerable distress and inconvenience.

What happened

Miss S has a current account with Lloyds Bank and an account elsewhere too.

In July 2025 Miss S went into branch, deposited £4,000 into her current account, opened a one-year fixed ISA and asked for the £4,000 to be moved into the ISA. Instead of doing this, Lloyds Bank transferred all of the funds in her current account into the ISA.

Miss S says that she subsequently had problems withdrawing money. She says she assumed this was because she'd been given a new debit card. In fact, it was because there was no money in her current account.

Miss S says it was until she tried to do a telephone transfer and was told that her account had a zero balance that she realised what had happened. This was on 6 September 2025. She says she contacted Lloyds Bank and was told she'd have to wait to get the issue resolved as it was a weekend and the team who would need to close her ISA wasn't available. Miss S complained and asked for £2,000 in compensation.

Lloyds Bank looked into Miss S's complaint and agreed that it had made a mistake and that it could have put matters right sooner. Lloyds Bank ultimately offered Miss S £350 in compensation for the distress and inconvenience she'd been caused plus lost interest to compensate her for the effects of putting things right. Miss S was unhappy with Lloyds Bank's response and so complained to our service.

One of our investigators looked into Miss S's complaint. Having done so they didn't think Lloyds Bank needed to do more. Miss S disagreed with our investigator saying that Lloyds Bank's actions had meant she hadn't had access to her funds. She was also unhappy that Lloyds Bank didn't put things right straightaway. And that the interest rate on her ISA had changed and hadn't been what she'd been told she'd be getting in the first place.

Miss S asked for her complaint to be referred to an ombudsman for a decision. Her complaint was, as a result, passed to me.

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.

Lloyds Bank has accepted that Miss S only wanted £4,000 transferred from her current account into the ISA she opened at the end of July 2025. Or, to put it another way, that she wanted to leave just over £1,500 in her current account.

I'm satisfied that the reason why Miss S only wanted to transfer £4,000 was because she leaves a balance of just over £1,500 in her current account with Lloyds Bank in the event that she has more expenses in any given month than normal. In other words, the money in her current account with Lloyds Bank is money she's put to one side in case she needs it. I say that because I can see she doesn't use her account with Lloyds Bank for her day-to-day expenses – presumably that's what she uses the account she holds elsewhere for.

I'm satisfied that Miss S didn't realise Lloyds Bank had made an error straightaway given what I've just said, and that it was only when she needed her "emergency" funds that she realised something wasn't right. I'm satisfied that she initially thought it was the fact that she had a new debit card, and that it wasn't until she attempted to make a telephone transfer that she realised there was no money in her current account. That was unfortunately at the weekend meaning that she was told the team who could resolve the problem – by closing her ISA early – wasn't available. In turn that meant she had to wait three days before the issue was resolved.

I accept – given what I've just said – that the mistake to which Lloyds Bank has admitted has had an impact on Miss S. I am, however, satisfied that the £350 compensation that Lloyds Bank has paid Miss S fairly compensates her for the distress and inconvenience that this mistake caused.

I can see that in order to rectify its mistake Lloyds Bank had to close Miss S's fixed ISA and then reinvest £4,000 in a new ISA. That unfortunately means she's earning a lower interest rate on her ISA. I am, however, satisfied that Lloyds Bank has calculated this loss and that it will pay this loss into the new ISA it set up. In other words, that Lloyds Bank has compensated her for this too.

My final decision

My final decision is that the steps Lloyds Bank PLC has taken to resolve this complaint – as set out above – are fair and that it doesn't, therefore, need to do more.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 8 May 2026.

Nicolas Atkinson
Ombudsman