

complaint

Mr and Mrs H complain about changes to the way Lloyds Bank PLC provides business banking services. They ask that Lloyds refunds charges.

background

Mr and Mrs H say Lloyds stopped direct debits and other payments from their business account for several weeks. They'd gone over the overdraft limit, but they didn't know this. They say their local business manager used to contact them about the overdraft. But their local branch closed and they no longer have a local business manager.

Mr and Mrs H say they were unable to contact Lloyds using its business banking helpline. They say the helpline isn't fit for purpose. They couldn't answer the security questions. Their nearest branch is some miles away and they don't have a computer to access the account online. When they did get in contact with a manager, it took more than two weeks for the overdraft to be agreed.

Mr H says he feels humiliated that payments were stopped – this hadn't happened in 54 years of banking. He says it's unfair that Lloyds charged them for unauthorised borrowing. Mr H is also unhappy about the mobile banking service provided to replace his local branch. He has to queue in the rain to use the service.

Our investigator didn't recommend that the complaint should be upheld, saying:

- Mr H called Lloyds several times in August 2018. He wasn't always able to pass security. His first request for an overdraft was declined. But his second request was approved in early September 2018. This wasn't an unreasonable amount of time.
- It wasn't wrong for Lloyds to ask security questions to identify their customers. Lloyds offered Mr H an alternative phone service. It's for Mr H to decide whether to try this.
- Lloyds wrote to Mr H about the changes to the way it provides business banking services. Lloyds is entitled to make a commercial decision to provide its services this way.
- It's not reasonable to expect Lloyds to contact Mr H when he reaches his overdraft limit. It's not Lloyds' fault that Mr H isn't aware of all the transactions on the account. Lloyds applied charges in accordance with the terms of the account and we can't require it to refund the charges.

Mr and Mrs H didn't agree.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Lloyds made changes to the way it provides business banking services. Mr and Mrs H are unhappy about the changes. In summary, their nearest branch is some distance away; they don't have a local business manager; they have to queue outside to use the mobile banking

facility; they can't use online banking and there are problems with the security questions when they use telephone banking.

Mr and Mrs H didn't know they'd reached their overdraft limit. Payments were stopped, which they found embarrassing. And when they found out there was a problem they had difficulty contacting Lloyds to sort it out. It took longer for their overdraft request to be approved than they'd expected. During this time, charges were applied to their account.

I sympathise with Mr and Mrs H. They've found the changes made by Lloyds inconvenient and unwelcome. But Lloyds is entitled to make a commercial decision about how it provides business banking services. I can't reasonably say that it's done anything wrong.

Mr H says he used to contact his local manager about renewing his overdraft and Lloyds didn't tell him this had changed. I think Lloyds wrote to Mr and Mrs H about the way it would provide business banking services. When Mr H did manage to contact Lloyds it processed his overdraft request. The request was approved 16 days later. I know Mr H wanted a decision sooner, but I don't think the time taken by Lloyds to approve the request was unreasonable.

Lloyds suggested Mr and Mrs H try another phone service: this uses a different method of identifying the caller which they might find easier. It said in its response to their complaint that if they want to try this they should contact it and it would send a registration pack. I'll leave it to Mr and Mrs H to decide whether to try this.

I appreciate that Mr and Mrs H feel the charges applied by Lloyds are unfair. But Lloyds applied the charges in accordance with the account terms. Customers are responsible for managing their accounts and checking funds are available for payments. In the circumstances, I can't reasonably require Lloyds to refund the charges.

my final decision

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs H to accept or reject my decision before 7 June 2019.

Ruth Stevenson
ombudsman