

complaint

D, a limited company – which I shall call simply ‘the company’ – has complained about charges which Lloyds Bank Plc (formerly Lloyds TSB Bank Plc) applied to its account. It has also complained about how the bank investigated its complaint about the charges.

background

Our adjudicator partly upheld the complaints. Unlike the company, he found nothing wrong with the charges in principle. But he shared the company’s concerns about certain charges applied to the account when the bank unsuccessfully sought to recover loan repayments after the loan had been transferred to the bank’s ‘recoveries’ unit.

The bank agreed to refund these charges and certain services charges, making a total refund of £121.04.

The adjudicator found nothing wrong with how the bank had handled the company’s complaint.

The company did not fully accept the adjudicator’s conclusions and it asked for this review of its complaint by an ombudsman. It is unhappy that it will be receiving a much smaller refund of charges than it has been seeking.

Among other things, the company also says the charges have resulted from the bank’s wrongful conduct of the account. In particular it criticises the bank’s decision, without consultation with the company, to approve payments from the company’s account which took it into unauthorised overdraft.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

I am sorry to disappoint the company but I think the adjudicator reached the right conclusions in this case. It is standard banking practice for a bank to use its commercial discretion and, without prior consultation, sometimes pay items for a customer – thereby protecting the customer’s creditworthiness with the payee – even if this results in an unauthorised overdraft and charges. It is the customer’s responsibility to monitor its account and either fund it adequately or cancel payments it cannot afford.

More generally, and with one exception, I can find nothing wrong with how the bank applied charges to the company’s account. I endorse the adjudicator’s reasoned conclusions and I see he explained the effect of the UK Supreme Court decision on the fairness of charges and on penalties.

The one exception is that identified and described by the adjudicator (as referred to above). I have nothing to add to his comments.

I also agree with the adjudicator’s conclusions about the bank’s complaint-handling process. It is not really for the company to dictate how the bank conducts the process but in any case there was involvement by another senior manager and not just the company’s relationship manager.

my final decision

I order Lloyds Bank Plc to pay the company £121.04.

Roger Yeomans
ombudsman