complaint

Miss M complains about charges that Lloyds Bank PLC applied to her account between August 2010 and July 2015.

background

In July 2015 Miss M queried a monthly £10 fee that Lloyds had been charging her for five years. Lloyds told her that it was a fee for a service she had agreed to in January 2010 (a "control feature" which was free for the first six months). The fees had appeared on her bank statements every month, and had been correctly applied. The bank had sent her a letter in January 2010 explaining the fee and her right to cancel the control feature, although Miss M says she didn't receive the letter. And the bank said it had explained the control feature to her when she agreed to it. Nevertheless, Lloyds cancelled it immediately, and offered Miss M £120 as a gesture of goodwill. But Miss M refused that offer. She wants to be refunded everything she paid.

Our adjudicator did not uphold this complaint. She accepted that Miss M had agreed to the service, and that Lloyds had written to her to explain it. It was not Lloyds's fault if the mail did not deliver it. The fee had appeared on her statements every month since August 2010, so she had had the opportunity to query or cancel for all of that time. She asked Lloyds to increase its offer, but when Lloyds refused the adjudicator decided that as the bank had not made an error she could not require it to pay more. So Miss M has asked for an ombudsman to consider her complaint.

my findings

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

The control feature is an optional service which Lloyds offers to customers who need help staying within their agreed overdraft limit. It reverses transactions when they exceed the overdraft limit (some kinds of payments are exempt). In January 2010 Miss M was already a Lloyds customer, but in that month she was experiencing financial difficulties. She had exceeded her overdraft limit and was charged £75 in unauthorised overdraft fees, which she said she would struggle to pay. So she was offered the control feature to help her. Contemporaneous bank records indicate that she accepted it. She was told the service would be free for six months, and then would cost £10 each month. Those fees appeared on her bank statements, which I have seen.

Lloyds then sent a letter to Miss M's address, explaining the fees and her right to cancel the control feature at any time. I accept that she did not receive the letter. But I also accept that it was sent to her. It is not the bank's fault if it was lost in the post. And I think it's likely that Miss M understood the service when she agreed to it, and that she has since forgotten as it was six years ago. So I don't think that Lloyds has done anything wrong.

Our adjudicator asked Lloyds to consider voluntarily increasing its offer because during the last six years Miss M had shown that she is actually good at keeping within her overdraft limit. She only exceeded it twice, by small amounts, in 2014. Our adjudicator thought that meant that she had not really needed the control feature after all, so it would be fair to refund more of the fees. I can understand that. But two other matters suggest to me that £120 is a fair offer. The control feature was suitable for Miss M when it was offered to her. At the time, she was just the sort of customer that service is intended for. I wouldn't expect Lloyds to monitor her account for her and advise her that she doesn't need it anymore. And she did have the benefit of the service working for her in 2014, when Lloyds reversed two payments. Secondly, even if Miss M forgot about the control feature, the fee began appearing on her statements six months later, so it would be reasonable to expect her to have questioned or challenged it then. And as soon as she did that, Lloyds cancelled the control feature.

In any case, as Lloyds has done nothing wrong, I can't require it to do more than it has.

my final decision

So my decision is that Lloyds Bank PLC should pay Miss M £120, as it has offered to do.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 5 February 2016.

Richard Wood
ombudsman