

complaint

Miss T complains about Lloyds TSB Bank plc's handling of an unauthorised transaction applied to her credit card account. The complaint is brought on her behalf by Mr H.

background

Miss T had been cold-called by a claims management company in June 2012. She had discussed a PPI claim with it, and provided her credit card details for reference purposes. At no time did she authorise the company to deduct a fee or any amount from her credit card account. When Miss T told her boyfriend about the call on the same day, he said that she should report the incident to her credit card provider, Lloyds TSB, which she did later that evening.

Lloyds TSB informed her that there was a pending transaction from the claims management company for £299. Despite Miss T reporting the transaction as unauthorised and fraudulent, the bank treated it as a "services not received" complaint in error, and over the next five months, it requested inappropriate information from Miss T on several occasions, and did not respond to emails. At one stage it closed the complaint as it said that it had not received a response from Miss T, even though she had sent it one. It also treated the unauthorised transaction as a debt and sent collections letters to Miss T until November 2012, when the claims management company refunded £299 to Miss T following her letter to it.

The adjudicator concluded that Lloyds TSB should pay to Miss T £70 compensation in addition to £30 compensation previously paid in July 2012. It should also remove any adverse information from her credit file and reimburse any interest or charges applied to Miss T's account since June 2012.

Mr H, on behalf of Miss T, disagreed, and responded to say, in summary, that £100 compensation was not acceptable as it "left the bank getting away with it", and it did not compensate him for his time in assisting Miss T.

my findings

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

It is clear that Miss T and Mr H have very strong feelings about the bank's actions. I can see that they spent considerable time in reporting the unauthorised transaction to Lloyds TSB and in trying to obtain a refund. I understand that they would have been frustrated by Lloyds TSB's requests for information that they had initially informed the bank they did not have, and by the bank's several emails requiring different personal details. I can also see that Miss T would have been distressed to receive monthly statements from August to November 2012 demanding interest and charges, as well as debt collection letters including one informing her that the bank's representative would be calling at her home.

I also consider that Lloyds TSB did not handle Miss T's complaint well. It accepted this in July 2012 when it paid Miss T £30 compensation for its poor service. But the poor service continued and I consider that even the bank's final response letter contained inappropriate requests for terms and conditions and service cancellation details.

I am aware that Miss T has asked for £1,500 compensation from Lloyds TSB for the distress and inconvenience caused by its errors and complaint handling. But, whilst I understand Miss T's strength of feeling in this matter, where this service makes an award for distress and inconvenience, the award we make generally tends to be modest. Also, in awarding compensation, we sometimes make allowance for the time the consumer needed to spend to put things right – though not usually for the consumer's time in dealing with us. This will again normally be at a modest rate.

This service is not the regulator and we do not have any general policing function over the way in which banks operate their services. Furthermore, it is not for me – as ombudsman – to “fine” or punish a bank.

In assessing compensation, I have taken into account the underlying causes of the complaint, Miss T and Mr H's time and trouble in pursuing the complaint, and the distress I consider that Miss T would have suffered upon receipt of the bank's debt collection communications. So, in all the circumstances, I find a total payment of £150 to be appropriate compensation for distress and inconvenience, rather than the total payment of £100 previously recommended.

my final decision

My final decision is that I uphold this complaint in part. In full and final settlement of it, I order Lloyds TSB Bank plc to:-

1. pay (not credit) to Miss T a further £120 compensation (in addition to the £30 already paid);
2. remove any associated adverse information applied to Miss T's credit file against the credit card account; and
3. reimburse to the credit card account any interest and charges applied from June 2012 to November 2012. As the unauthorised transaction has now been reimbursed to the card, this should take the balance to zero, and the account should be closed correctly.

Roslyn Rawson
ombudsman