

## **complaint**

Mrs T says Lloyds Bank Plc took £800 from her current account, without any discussion, leaving her overdrawn and without money she needed for living expenses.

## **background**

Mrs T says she paid £800 cash into her current account, and then asked the branch to transfer £800 from her current account to pay a lump sum off her loan account. The bank says no cash was paid in, but the cashier made an error and transferred £800 into her current account from the branch holding account. This meant her current account was £800 in credit, incorrectly. And no money was taken from her current account to make the lump sum loan payment.

Mrs T visited another branch a couple of weeks later to ask why her loan payment had not been made – she had a receipt for it. The bank investigated, and the following month explained it'd mis-keyed £800 into her current account. It said CCTV from the branch showed Mrs T putting her debit card into the reader. And it showed no cash was passed over the counter. The bank also said no loan repayment was made – the receipt had been given in error.

The branch tried to call Mrs T several times that month to make arrangements for the £800 to be repaid but was unable to reach her. It then decided to take the money back from her account. After it did this Mrs T went into a branch and said she could only afford to repay £400. So it refunded £400 to her bank account and arranged for her to repay £100 each month for the next four months. When the first amount was taken she didn't have enough money in her account and went overdrawn.

Separately, prior to the bank realising what'd happened, Mrs T closed her loan account - repaying the full balance on time.

Our adjudicator didn't recommend the complaint should be upheld. She said the bank made a keying error when Mrs T tried to make the lump sum loan repayment.

But she said Mrs T should've been aware of this as £800 was incorrectly credited to her current account. And if, as she told us, after she paid in £800 cash she should've expected it to have been transferred for the lump sum loan repayment. She'd been given a receipt for this (albeit incorrectly). So she asked why Mrs T didn't question the extra money in her account at the time with the bank. She said if a bank incorrectly credits an account, it is allowed to claim back the money. The bank tried to come to an affordable repayment arrangement for Mrs T. It also paid £125.00 for the trouble its keying error caused. Our adjudicator said this was a fair settlement and the bank didn't need to do anything else.

Mrs T disagreed, she said she'd paid in £800 cash in the branch and the bank should never have just taken back £800 from her account without any discussion.

## **my findings**

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

Where the evidence is contradictory or incomplete (as some of it is here), I've based my decision on the balance of probabilities – in other words, on what I consider is most likely to have happened in the light of the available evidence and the wider circumstances.

The evidence is contradictory as to what happened during the first branch visit. Mrs T says she paid £800 cash into her current account but the bank says the CCTV didn't show her paying in any cash.

On balance, I think it's most likely two errors were made when Mrs T went in to make her lump sum loan repayment. The cashier mis-keyed an £800 credit to Mrs T's current account (debiting the branch holding account). And then issued a loan repayment receipt - but failed to transfer any money from Mrs T's current account to make this happen.

This is my conclusion based on reviewing the bank's report ('cash error checklist') which shows the branch cash shortfall on that date of just over £800. I also haven't seen enough evidence to conclude Mrs T came into the branch that day with £800 cash.

The bank says the incorrect loan payment receipt was issued as Mrs T's intention was to withdraw money from her current account and make the lump sum loan repayment – which is why its CCTV showed her placing her card into the PIN device. The CCTV footage wasn't retained unfortunately so I can't review it. But, based on the bank's customer service notes during its investigation, I think it's most likely the footage would've supported this explanation.

So it follows I agree the bank was entitled to recover the money it had incorrectly credited to Mrs T's current account. I know it tried to contact her to discuss this. But I still think that to debit it all at once, without having talked to her, was somewhat unreasonable. I think however that the four-month repayment plan it later agreed was fair.

Overall, I think the compensation of £125 for the upset and inconvenience caused by the bank's errors in the branch, and for how it recovered the money at first, is fair and reasonable in the circumstances.

### **my final decision**

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs T to accept or reject my decision before 30 December 2015.

Rebecca Connelley  
**ombudsman**