

## **The complaint**

Mr L complains that Lloyds Bank PLC applied charges to his account that he didn't expect and wasn't aware of.

## **What happened**

Mr L applied for an account with Lloyds online. He believed that he'd applied for a basic current account, but Lloyds' systems recorded him as applying for a Club Lloyds account, which had a monthly charge. These charges were applied to his account and Mr L didn't pay them, which meant the account was placed into an unauthorised overdraft which eventually resulted in adverse information being recorded on his credit file.

Mr L complained to Lloyds. He said he wasn't aware there was a charge on the account, or that he had ever used his unarranged overdraft facility. Lloyds responded to say that Mr L would have been provided with all the relevant information about the account when he opened it. The fees were correctly applied in line with that information. Lloyds said that it also made Mr L aware that he was using the unauthorised overdraft facility by sending him a text message. So while it didn't think it had done anything wrong – it arranged to credit Mr L with the monthly fees that it had applied to the account.

Mr L remained unhappy with this because Lloyds hadn't removed the adverse information about this issue from his credit file, so he referred his complaint to our service. One of our investigators looked into it and said that Lloyds had acted fairly. They found that the information that Mr L would have seen when applying for the account was clear and gave details of the charges. They also noted that Lloyds had written to Mr L twice to tell him that the account had incurred charges and this information was included in his statements too.

Our investigator also found that Lloyds sent Mr L a text message about using the unauthorised overdraft to the same telephone number he provided when complaining to this service. So they felt that Lloyds had correctly applied the fees and that because Mr L used his unauthorised overdraft, it would be fair for it to record information about this on his credit file. Mr L disagreed and despite some back and forth between him and the investigator – he remained unhappy with the outcome, so the complaint has been passed to me to decide.

## **What I've decided – and why**

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

Like our investigator, I looked at the archived information that Mr L would have seen when he applied for the account online. I'm satisfied this makes clear the features of the account he was applying for and that it's an account which has benefits that a basic bank account doesn't have. It's clear from this that Lloyds will apply a monthly fee of £3 unless a customer credits a certain amount of money into the account each month.

I don't doubt Mr L when he says that he believed he was applying for a basic bank account – but equally I have to be fair to Lloyds here. The information I've seen shows that it gave

clear and fair information to him that explained the charge that would be applied. So I don't think Lloyds acted unfairly in applying these charges.

That's especially the case where Lloyds has shown that it's notified Mr L of the charges that were being applied. Lloyds has shown that it sent information about this to his digital mailbox – which it has also shown is in line with Mr L's communication preferences. This information is also contained in his statements too.

When Mr L entered his unauthorised overdraft in April 2023 – Lloyds notified him of this by text message. So having considered all of this, I'm satisfied that Lloyds has acted fairly and reasonably to make Mr L aware of what was happening on his account and gave him an opportunity to bring the account back in order.

Mr L says that he didn't receive communications and text messages – but Lloyds has shown these were sent using the relevant details it held for him. So if they weren't received, that wouldn't be fair to hold Lloyds liable for. In any event, I think the combination of different methods of communication from Lloyds here means that it took sufficient steps to make him aware of the fees and the situation with the unauthorised overdraft.

The fact that Mr L didn't bring the account back in order in the time Lloyds wanted him to means it recorded adverse information on his credit file. But I think that's an accurate reflection of the situation here, where there was an outstanding balance on Mr L's account that he didn't pay in the time that Lloyds needed him to.

Lloyds has refunded the charges in question – which is a helpful gesture. But I don't think that means that it should take any further action here, where those charges were correctly applied and what is recorded on his credit file is accurate. So I won't be telling Lloyds that it needs to do any more here.

### **My final decision**

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 9 April 2024.

James Staples  
**Ombudsman**