

The complaint

Mr L complains that Lloyds Bank PLC gave him incorrect information about his credit card. Mr L was told in September 2020 that the offer of 12 months 0% interest on purchases had been applied to his account, but this wasn't done. This resulted in interest being charged on Mr L's balance straightaway.

What happened

Mr L contacted Lloyds in September 2020 to discuss his credit card. He asked whether he had any active offers on his account and was advised by the agent that he had a 0% 12 month offer available on purchases.

Mr L had to wait for a new card but when he received it he called Lloyds again and was advised that the promotional offer was active on his account.

Mr L made a substantial purchase on the card but later discovered that the promotional offer hadn't been activated and that he'd been charged interest. He complained to Lloyds.

Lloyds upheld the complaint and refunded interest amounting to £652 from November 2020 to October 2021. It also paid compensation of £75.

Mr L remained unhappy and brought his complaint to this service.

I issued a provisional decision in which I said that I didn't think Lloyds had done enough to put things right for Mr L in relation to the interest which had been charged. I said that Lloyds should re-work the account as though the incorrectly charged interest had never been there. I also said that Lloyds should pay total compensation of £225.

I invited both parties to let me have any further arguments they wished to raise or evidence they wished to rely on.

Mr L responded and said he didn't think the compensation was high enough. He said that if an amount equivalent to the interest charged had been placed in a savings account at 5% per month it would've earned £1000 interest.

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.

I've taken into account what Mr L has said. However, my award of compensation isn't designed to compensate Mr L for hypothetical interest that he could have earned on the sum which was/will be ultimately refunded by Lloyds. The purpose of my compensatory award is to recognise the impact that this had on Mr L and to compensate him for any distress and inconvenience caused by the error. Bearing that in mind, I think the sum of £225 is fair and reasonable.

Putting things right

To put things right, Lloyds Bank PLC should refund all interest added to the account and pay total compensation of £225 (the sum of £75 having already been paid).

My final decision

I uphold the complaint. Lloyds Bank PLC must refund all interest added to the account and pay total compensation of £225.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 28 March 2024.

Emma Davy
Ombudsman