

The complaint

Miss B complains that Lloyds Bank PLC ('Lloyds') should pay more compensation than offered so far in connection with its admitted poor service concerning problems using her debit card.

What happened

Miss B unexpectedly found she was unable to use her debit card to make payments – despite having ample funds in the account. This happened a number of times, causing her embarrassment and practical difficulties whilst out shopping. Her online banking wasn't working properly at the time and she thought Lloyds must have blocked the card.

As a result, Miss B went to a Lloyds' branch to withdraw cash.

Miss B felt branch staff were rude and unhelpful and, despite having photo ID with her, Miss B was still unable to withdraw money from her account.

She then called Lloyds' fraud department to unblock the card which resolved the issue. But Miss B had to call Lloyds several times a week in order to use the card when the issue kept on happening.

When Miss B first contacted Lloyds, it said it did random security checks which it appreciated were frustrating, but that it hadn't made any error. It confirmed there was no security block on her account and said it couldn't see there had been any recent declined payments. Lloyds said it was sorry that her experience in branch fell below standard and paid her £30 compensation.

Miss B wasn't happy with this response and she contacted Lloyds again to pursue her complaint about the card issues. When Lloyds looked again at what happened, it identified that there was a record of declined transactions. Lloyds apologised for saying earlier that there were no declined transactions and paid her £20 by way of apology.

Miss B didn't feel this went far enough to resolve her complaint, so she came to us. When our investigator contacted Lloyds, it looked further into Miss B's complaint and decided that her overall customer experience warranted a further payment of compensation – Lloyds offered to pay her an additional £100. Our investigator thought that was a fair and reasonable way overall to resolve her complaint.

Miss B didn't agree, mainly saying that in addition to this complaint she had other ongoing problems with Lloyds, and she was finding dealing with Lloyds very stressful. Miss B has asked for an ombudsman to review the complaint, so it has come 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.

I've carried out an independent review and having done so, I've reached the same conclusion as our investigator.

The main background facts are not in dispute. Lloyds accepted that Miss B had a poor customer experience in branch and that it made an error when saying incorrectly that it had no record of declined transactions. So as Lloyds has upheld key aspects of the complaint, I will concentrate on the question of fair redress, which is the main reason Miss B has requested an ombudsman referral.

Our approach to redress is to aim to look at what's fair and reasonable in all the circumstances of a complaint. One way we would try and do this impartially here is to put Miss B in the position she'd be in if Lloyds hadn't been responsible for the poor service issues it has admitted. So my starting point is to think about the impact on Miss B of what happened.

I've thought first about financial loss. I haven't been provided with anything to show that Miss B is out of pocket as a result of what happened. Lloyds has already paid £50 in total which should amply cover the cost of Miss B's phone calls made in connection with the problems she was having with her card.

Fair compensation isn't however just about monetary loss – it also needs to properly reflect the wider impact on Miss B of Lloyds' service failings.

I've carefully listened to the call recording when Miss B explained things to us, and I can understand why Miss B felt so strongly about what happened. She has been caused upset and suffered significant inconvenience during the course of her dealings with Lloyds – and Lloyds has admitted providing poor service.

It didn't help that Lloyds incorrectly dated correspondence it sent to her about her complaint and I can appreciate why Miss B says she feels that she was being 'fobbed off'. I think this would've caused Miss B further stress in this situation.

She put things this way: '...They have made my mental health worse.'

In the particular circumstances of Miss B's complaint, I think the £150 overall figure offered by Lloyds matches the level of award I would make in these circumstances had it not already been proposed. I don't doubt that Lloyds' poor handling of matters, as described above, caused Miss B significant distress and inconvenience. I am satisfied that paying Miss B a further £100 (on top of the £20 and £30 payments made so far) reflects the extent and impact on her of Lloyds' admitted poor service. It is in line with the amount this service would award in similar cases and it is fair compensation for Miss B in her particular situation.

I have set out below the steps Lloyds is required to take.

I understand that Miss B mostly just wants to know that she won't have further problems with her card. Lloyds told us it has checked and, so far as it is concerned, Miss B should be able to use her card without any difficulty – which I think has been her more recent experience. So whilst it's unclear exactly why Miss B had problems previously, and there can't be any guarantee for anyone who uses a debit card that there won't ever be any payment issues, I hope this provides at least some reassurance.

Putting things right

Lloyds should pay Miss B a further £100 (bringing the total amount of compensation paid to £150).

My final decision

I uphold this complaint and Lloyds Bank PLC should take the steps set out above to put things right.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 10 September 2024.

Susan Webb
Ombudsman