

The complaint

Mr E is upset with the actions taken, and the offer of compensation made by Lloyds Bank Plc (Lloyds), when an account was opened fraudulently in his name

What happened

Mr E initially raised concerns with Lloyds in January 2024 when it was brought to his attention that an online account had been opened in his name without his consent.

Lloyds initially responded in February 2024 declining Mr E's complaint. But later after a further investigation, it recognised that Mr E had in fact been a victim of fraud and that Mr E's identity had been compromised. Lloyds apologised for this oversight and made a payment of £200 to Mr E for not having conducted the investigation correctly and resolving the matter in the first instance.

Our investigator on reviewing the offer Lloyds made, found it to be fair. While he sympathised with Mr E, he considered the offer to be in line with our awards.

Mr E felt the £200 offer did not cover the stress and anxiety caused by the experience and felt it was insulting. Mr E believed £10,000 was a more appropriate award given the stress caused and considering the impact the matter could've had on his health.

Despite Mr E indicating the events had had a detrimental impact on his health, and the investigator requesting further evidence of this, nothing further was submitted for consideration.

Our investigator also clarified that he could only investigate and consider the impact of what had happened and not what could've happened.

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.

Having done so, I too am unable to uphold this complaint for the broadly the same reasons as our investigator.

It's clear from what's been presented, that Lloyds on reinvestigating Mr E's complaint, recognised its initial error and went on to close the fraudulently opened accounts, write off the overdraft, and rectified any impact of the incident on Mr E's credit file. So, what remains in dispute is what represents a fair and reasonable payment in recognition of the distress and inconvenience Mr E suffered because of this matter.

To determine this, I have given great thought to Mr E's position, particularly the impact this matter had on him. I don't doubt this was a troubling time for Mr E, especially considering he was a victim of identity theft. And I am sorry to hear the experience caused him considerable

distress. But on considering how Lloyds responded to the situation once it realised its error, I do think that the offer of £200 made is fair.

Mr E has explained that he feels that a higher level of compensation should be awarded considering the distress he experienced. But just like the investigator I've not seen any evidence to reasonably justify this level of award.

Our website further outlines the awards made by this service for distress and inconvenience and explains that the awards made are intended to recognise the upset caused by an error. They are not intended to punish the business.

I sympathise with Mr E and agree Lloyds could've done more to resolve this matter sooner than it did. But I am not here to punish the bank for this and although I can appreciate why Mr E feels a higher amount should be paid in compensation, I consider the offer of £200 for distress and inconvenience caused by this delay to be fair and reasonable in the circumstances of this complaint.

My final decision

My final decision is that I do not uphold this complaint. Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 14 January 2025.

Sukhdeep Judge
Ombudsman