

The complaint

Mr and Mrs B are unhappy that following an upgrade to their account with Lloyds Bank PLC a direct debit was not paid which resulted in a court summons.

What happened

Mr and Mrs B visited a Lloyds branch on 5 January 2023 and upgraded their Lloyds current account. During this visit they were assured any direct debits would be transferred over and payments would continue to be debited as they had been previously. Their direct debit for their council tax was made from the account in January, February and March, however, from April onwards this was rejected due to there being insufficient funds in the account.

As Mr and Mrs B were away at the time, they were unaware payments hadn't been made. Although Lloyds said it notified Mr and Mrs B, Mr B explained he didn't receive this. As a result of the above, when Mr and Mrs B returned home, they had received a court summons for the unpaid direct debit relating to their council tax.

Lloyds were unsure if it was discussed in the branch at the time but there were no regular payments coming into the account and therefore no funds available to allow the direct debit to be taken. In any event Lloyds apologised and issued £300 compensation in addition to £82 to cover the court summons. Mr and Mrs B feel this isn't enough.

Our investigator looked at the complaint. He didn't uphold it and said it would have been for Mr and Mrs B to ensure they had enough funds in their account. He thought that Lloyds' compensation was fair and reasonable.

As Mr B didn't agree, the complaint has been passed to me to consider.

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.

Lloyds notes show that during Mr and Mrs B's visit to the branch they upgraded their account and arranged for their direct debits to be transferred over to this account. Mr B said he was told by Lloyds all direct debits would remain the same and would be debited as normal but now from this account.

Having looked at the account statements, I can see in January, February and March the direct debit for their council tax debited the account as expected. However, from April onwards the payment could not be made as there were insufficient funds in the account due to other payments that had been debited.

Mr and Mrs B feel that Lloyds should have done more to make them aware that there wouldn't be enough funds in the account to cover the payments from April onwards. Lloyds' notes indicate they may have notified Mr and Mrs B via internet banking of the issue but Mr B has confirmed to our service this isn't something they have access to. Mr B feels that

Lloyds should have sent an email to them instead and had they done so, this situation could have been avoided. I realise Mr and Mrs B feel frustrated about this and Lloyds has apologised for the overall service it provided to them. But even though an email wasn't sent, the onus was on Mr and Mrs B as the account holders to monitor their account and ensure they had sufficient funds in it to meet any payments, even whilst they were away.

Mr B feels that notes should have been made during his branch visit which would have also avoided this situation. He also said that they informed the branch they were going away. I can understand why Mr B is disappointed with this, but it is up to Lloyds to decide what records it takes if any during a branch meeting. And in any event, the reason for the direct debit not being paid was due to insufficient funds, which as explained above, would have been Mr and Mrs B's responsibility.

However, Lloyds have accepted there could have been some misunderstanding in branch as it was unsure whether the payments into the account had been discussed during the branch visit. Lloyds paid £82 which covers the court summons and therefore puts Mr and Mrs B back into the position they would have been in had this not occurred.

Lloyds also credited Mr and Mrs B's account with £300 for the inconvenience caused. I realise Mr B feels the compensation is too low and I can understand that receiving a court summons must have been a stressful experience, and in addition to this, unpleasant to return to after a holiday. But given that the onus was on Mr and Mrs B to ensure they had sufficient funds in their account, I find Lloyds' level of compensation, fair and reasonable. For this reason, I will not be asking Lloyds to make any further payments.

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 B and Mrs B to accept or reject my decision before 11 January 2024.

Marie Camenzuli
Ombudsman