

The complaint

Miss B complains that Lloyds Bank PLC did not pay her interest on her account.

What happened

Miss B says she had two direct debits set up on her Club Lloyds account so she should be earning interest as she has met their criteria for this. Miss B made a complaint to Lloyds, and she asked them to backdate the interest.

Lloyds did not uphold Miss B's complaint, but as a gesture of goodwill they credited her account with £152.88 which they said totalled 12 months of maximum interest she may have earned on her account. They said the conditions of the Club Lloyds are that she'd earn credit interest on balances from £1 up to £5,000, when she pays out two different direct debits from her account each month. Lloyds said Miss B only had one direct debit set up on the account, and a subscription payment, which wasn't a direct debit, so moving forward she would need to set up another direct debit on her account. Miss B brought her complaint to our service.

Our investigator did not uphold Miss B's complaint. He said Lloyds illustrated they informed Miss B would need to have two active direct debits set up on her Club Lloyds account to receive monthly interest, but Lloyds have shown Miss B only had one active direct debit on her account, therefore she didn't qualify for monthly interest.

Miss B asked for an ombudsman to review her complaint. She made a number of points. In summary, she said at no point in the six years or so that she had the account, Lloyds did not at any stage flag that two direct debits were not set up on the account, she said she had two sets of payments going out monthly and, from her perspective as a consumer, they constitute as direct debits.

Miss B said she has not at any point in time seen any form of distinction between a direct debit and a subscription, and she said there was no guidance which was made available to explain this to her at any point in time. She said Lloyds did not query with her if this was the best account for her despite other banks doing so with third party accounts she holds.

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.

Firstly, I'm aware that I've only summarised Miss B's complaint points. And I'm not going to respond to every single point made by her. No discourtesy is intended by this. It simply reflects the informal nature of our service as a free alternative to the courts. If there's something I haven't mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point to be able to reach what I think is a fair outcome.

I've considered what Miss B has said about other third party banks have contacted her to see if she held the best account with her for her circumstances, but Lloyds haven't done this. But they aren't required to do this. So I'm unable to say that they've made an error here.

I've looked at the criteria to earn interest on the Club Lloyds account which Miss B holds, and it's clear that Miss B must pay out two direct debits each month on her Club Lloyds account to earn interest. This is not in dispute by either party. But what is in dispute is that Lloyds say one of Miss B's two regular payments out of the Club Lloyds account is not a direct debit. It is a subscription payment. In other words, it is a debit card payment. Miss B says this is a regular payment and Lloyds haven't distinguished between this debit card regular payment and a direct debit, and Lloyds didn't flag up that there weren't two direct debits going out of her account every month.

I've looked at the information that Lloyds have sent Miss B. And I'm satisfied that she should have reasonably been aware that she wasn't meeting the criteria to earn interest each month. I say this as Miss B's statement clearly shows the difference between the different types of payments. It would be Miss B's responsibility to check her monthly statement, and if she wasn't receiving this, then it would be her responsibility to let Lloyds know this.

Miss B's statement shows that next to the two payments she thought were direct debits, they have different codes. For example next to her £2 payment on 7 March 2022, the code says "DD". But next to her 14 March 2022 payment of £9.99 which Miss B believes is a direct debit also, the code shown is "DEB". Miss B's statement shows what these codes mean on her statement. "DD" is shown as "Direct Debit" and "DEB" is shown as "Debit card".

As the criteria stated that Miss B needs to pay two direct debits each month to earn interest on her account, and her statement clearly proves that there is only one direct debit payment which leaves her account, then Miss B did not meet the criteria to earn interest on the account. So I can't ask Lloyds to backdate the interest, as I've not seen she met the criteria to earn interest on the account.

As Miss B's statement distinguishes the difference between the two different payment types, then I'm unable to conclude that Lloyds didn't make her aware that there wasn't two direct debits on the account, or that there wasn't guidance which was made available to explain this to her at any point as this information appears to be on each statement for her, and it would also show no interest being credited to the account, which would be an additional indicator that she wasn't meeting the criteria. So I can't conclude Lloyds made an error here, and it follows I don't require Lloyds to do anything further.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 22 April 2024.

Gregory Sloanes
Ombudsman