

## The complaint

Mrs D complains Lloyds Bank PLC trading as Lloyds Bank reduced her overdraft – and she's unhappy with the service she received on the phone when speaking with Lloyds about this issue.

## What happened

I issued a provisional decision setting out what'd happened, and what I thought about that. I've copied the relevant elements of this below, and they form part of this final decision.

*In April 2022 Lloyds wrote to Mrs D to let her know they were planning to reduce her overdraft from £1,950 to £530 – they said this is because she'd not been using it recently.*

*Unfortunately for Mrs D, she needed the limit at that time, as she was out of work and was planning to use the overdraft to help her through a period of time until she completed an equity release on her home.*

*When speaking to Lloyds' staff to try and keep the overdraft, Mrs D was unhappy with them questioning her regarding her looking for work, her mental health and her physical health. She felt those questions were too personal for the reason for her call. Mrs D was unfortunately also passed on to two more Lloyds staff – and was assured notes would be recorded of the conversation she'd had, but that didn't happen. So, Mrs D had to repeat her very personal information she didn't think she should have to anyway to multiple people.*

*Eventually, Mrs D was told on multiple occasions by different staff members that the overdraft limit of £1,950 would remain until August 2022. She asked for this in writing, on multiple occasions, but it was never given and on 24 May 2022 her overdraft reduced to the planned £530. Mrs D was extremely unhappy and upset with this, given she was told it wouldn't be reduced on multiple occasions.*

*Lloyds replied to Mrs D's complaint. They said account reviews are undertaken from time to time. They said there are a number of reasons for this – including not actively using the full facility or if there are changes to the credits in the account. In respect of the questions they'd asked her, Lloyds said they had a duty of care to their customers – but they were sorry she had to repeat herself multiple times. They also said sorry for misinforming her when they said the overdraft wouldn't reduce. In total they compensated Mrs D £120 - £80 of which they paid into her account following an earlier phone call, and a further £40 offered in this letter.*

*Unhappy with this, Mrs D asked us to look into things saying this wasn't enough for a customer of many years with Lloyds.*

*One of our Investigators considered things. Overall, he felt Lloyds had reached a fair outcome by awarding Mrs D £120.*

*Mrs D didn't accept this outcome. She felt more compensation would be fairer for the issues she experienced including having to tell many people at Lloyds quite personal information. So, the complaint's been passed to me to decide.*

*Before formally issuing an outcome, I noted Mrs D said she had call recordings of her conversations with Lloyds. We asked her for them, and I want Mrs D to know I've taken them into account when deciding her case.*

### **What I've provisionally 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 think it's important to firstly explain I've read and taken into account all of the information provided by both parties, in reaching my decision. I say this as I'm aware I've summarised Mrs D's complaint in considerably less detail than she has. If I've not reflected something that's been said it's not because I didn't see it, it's because I didn't deem it relevant to the crux of the complaint. This isn't intended as a discourtesy to either party, but merely to reflect my informal role in deciding what a fair and reasonable outcome is. This also means I don't think it's necessary to get an answer, or provide my own answer, to every question raised unless I think it's relevant to the crux of the complaint.*

#### **Overdraft reduction**

*I can see this isn't as much of a concern as to the customer service she received – but as Mrs D has complained about this, I think it's important I address it.*

*Lloyds are required to carry out regular reviews of the overdrafts they offer to customers – and as overdrafts are designed for the short term, they're repayable on demand. That means Lloyds would usually be able to ask for an overdraft to be repaid immediately.*

*Here, from the information I have, Mrs D hadn't been using her overdraft for some time – so Lloyds took the decision to reduce it. And I've noted Mrs D said she didn't have much in the way of credits going into her account at that time because she'd unfortunately lost her job.*

*In the circumstances, I think Lloyds acted fairly in saying they'd reduce the overdraft. If Mrs D were to utilise the entire amount of the overdraft, they need to remain confident Mrs D could repay it immediately. At the time of the reduction, she couldn't. I know she was in the process of getting equity release – but these things aren't guaranteed and sometimes do fall through. So, Lloyds couldn't know with any certainty she'd be able to continue to afford to repay the full overdraft if asked.*

#### **Customer service**

*I've taken on board everything Mrs D has said about the personal information she's had to share. As Lloyds said, they have a duty of care to their customers and if a Lloyds agent thinks a customer could potentially benefit from being signposted to a mental health charity, then I'd usually expect them to do that. I understand Mrs D found that insulting – but I don't think it was wrong of Lloyds to have suggested that.*

*But I can see Lloyds have accepted Mrs D's criticism that she's had to repeat herself multiple times. There is little so frustrating as being told the next person will know what's been discussed to then find out that isn't true – and for it to happen on several occasions and given how personal some of the information Mrs D was sharing – simply isn't good enough.*

*I'm also extremely disappointed that multiple Lloyds agents told Mrs D her overdraft wouldn't reduce – when it was seemingly always going to. It's clear from the phone calls Mrs D has provided just how upsetting she found that.*

*And although I think it'd have been helpful for Mrs D to have been sent a letter confirming the overdraft wouldn't reduce – as she was asking – I don't think it'd have changed the situation she ultimately found herself in.*

### **Putting things right**

*Overall then I don't think Lloyds did anything wrong in reducing the overdraft. But I think they have been extremely poor in handling of Mrs D's contacts. It's clear this had a significant impact on Mrs D. I'm aware Lloyds have already paid £80, and offered a further £40, but I think a total payment of £300 more fairly reflects the distress Mrs D experienced.*

### **Responses to my provisional decision**

Lloyds accepted my decision.

Mrs D didn't reply by the deadline.

### **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.

As Lloyds accepted my outcome, and Mrs D didn't reply, I remain of the opinion a total of £300 compensation is fair.

### **My final decision**

I partially uphold this complaint and require Lloyds Bank PLC trading as Lloyds Bank to pay Mrs D a total of £300 compensation. Lloyds can remove any compensation already paid from the amount they now send her.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs D to accept or reject my decision before 31 January 2024.

Jon Pearce  
**Ombudsman**