

## **The complaint**

Mrs B has complained that Lloyds Bank PLC (“Lloyds”) started to charge her the monthly account fee for her Gold Service account in October 2022.

Mrs B says that she should not be charged this fee as she raised a complaint in 2015 about being charged the monthly fee for the account, and Lloyds agreed to refund her the monthly account fees that she’d been charged on her account.

## **What happened**

Lloyds wrote to Mrs B in June 2021 to say that the fee-waiver that was on her account - whereby she didn’t have to pay the monthly account fee if she kept her account balance above £2,000 – was being removed. The letter explained that the monthly account fee would start being applied to Mrs B’s account in October 2021.

However, for some reason, Mrs B was not charged the monthly account fee until October 2022, which meant Mrs B was able to have the account for free for an extra year.

Mrs B complained to Lloyds when she noticed the fee because she said she’d not been notified that the fee would be taken. And Mrs B said that she’d complained about the monthly account fee being applied to her account in 2015 and Lloyds had agreed to refund her the account fees at that point.

Lloyds issued two response letters to her complaint. In the first letter sent on 3 November 2022, Lloyds said that it had written to Mrs B (in June 2021) about the changes being made to the account. Lloyds explained that due to the 12 month delay in the fees being charged, a reminder letter should have been sent to Mrs B before the fees started to be taken from her account, but due to an error, this reminder was never sent. To apologise for this error, Lloyds agreed to refund the monthly account fees from when they were first charged in October 2022, up until February 2023. This was a total of £74.75. Lloyds also paid Mrs B £40 for the poor service she’d received.

Lloyds then issued another response to the complaint on 9 November 2022 and agreed to pay Mrs B a further £75 to apologise for an incorrect information she may’ve been provided and a further £12 to cover her call costs.

After Mrs B referred her complaint to our service, one of our adjudicators assessed the complaint and they ultimately agreed that what the business had done to put matters right was reasonable.

Mrs B disagreed with the adjudicator’s assessments, so the matter was referred for an ombudsman’s decision.

## **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.

We’ve explained our approach to complaints about packaged accounts on our website, and I’ve used that to help me decide this complaint. And having considered everything, I don’t think the business needs to do anything more than what it has already done to put matters right.

Based on what I have seen Mrs B has held a fee-paying Gold Service account for many years. In return for a monthly fee, the account provided a range of benefits such as worldwide travel insurance, breakdown cover and mobile phone cover. It also included a feature whereby, providing the balance of the account was kept above a certain amount, the account holder would not have to pay the monthly fee. This feature is known as a fee-waiver.

In June 2021, Lloyds took the decision to remove the fee-waiver from *all* Gold Service accounts that were still open. I understand that Mrs B is unhappy with this change, as she has essentially been able to enjoy all of the benefits of the Gold Service account for many years, without having to pay for them (although she did have to keep a certain amount of money in the account to avoid paying the monthly fee). But the removal of the fee-waiver feature is something that Lloyds is entitled to do. I say this because, as far as I can see, the account terms and conditions contain a variation clause – that essentially allows Lloyds to change the cost or benefits of the account, provided sufficient notice is given.

It may help to explain that variation clauses are standard terms for package accounts. This is because packaged accounts usually operate on a monthly rolling basis - rather than for a set period of time. So, including a variation clause in the account terms and conditions allows the bank to make changes to the account, without having to get the consent of every account holder each and every time the bank needs to change the features of the account.

It is essentially up to Lloyds to decide what products and services it provides and also which ones to discontinue too. Indeed, Lloyds added, changed and removed various features of the account (as well as increased the cost of the account) a number of times in the years that Mrs B held the account. This includes changing the amount that Mrs B needed to keep in the account to avoid paying the monthly fee.

I understand that Mrs B was charged the monthly account fees in 2015 and after she raised a complaint with Lloyds at the time, Lloyds agreed to refund those account fees. I can see why Mrs B has challenged Lloyds again about being charged the monthly account fee - given what happened in 2015. But ultimately, just because Lloyds agreed to refund account fees in 2015, this does not mean that Lloyds could not remove the fee-waiver in 2021 (or September 2022 as was the case for Mrs B).

However, when making such changes to the account, Lloyds is required to provide Mrs B with reasonable notice, so that she can consider her options before Lloyds starts charging the monthly account fee. In this case, Lloyds has provided evidence to show that it'd sent Mrs B the letter in June 2021, informing her of the fee-waiver removal. However, for some reason the fee-waiver removal did not happen until a year later, with the first monthly account fee being taken from the account in October 2022.

Lloyds says that due to the delay in the fee-waiver removal taking place on Mrs B's account, a reminder was meant to have been sent to Mrs B prior to the monthly fee being charged in October 2022. Lloyds acknowledge that a reminder was not sent to Mrs B. As such, I do appreciate that it may've come as a surprise to Mrs B when she saw the fee on her account in October 2022, given that the only letter sent out about this fee being applied was sent to her over 15 months beforehand.

To put matters right, Lloyds agreed to refund the account fee that had been charged in October and November 2022. It also agreed to cover the monthly account fees that were due to be applied to the account, up to February 2023.

In my view this was reasonable, because it refunded the fees Mrs B had actually paid and also gave her a reasonable amount of time to consider her options, once she was aware that she could no longer have the Gold Service account for free. I also think this was fair as it

meant that she was effectively able to have the Gold Service account, for free, up to February 2023 – which is more than reasonable, bearing in mind that most Gold Service account holders (who'd decided to keep the account) had been paying for the account since October 2021.

In addition to the refund of account fees, Lloyds also paid Mrs B a total of £115 compensation for any distress or inconvenience caused to her by this matter, and also paid Mrs B £12 towards her phone costs. In my view, this reasonably reflected the distress and inconvenience Mrs B experienced in this matter, so again I think this award was reasonable.

Finally, I note that Mrs B has continued to pay the monthly account fee whilst awaiting the outcome of her complaint with our service. However, as I don't think that Lloyds has acted unfairly or unreasonably in deciding to remove the fee-waiver from her account, and as the redress paid by Lloyds gave Mrs B plenty of time from when Lloyds responded to the complaint, to consider whether to continue with the account or not, I can't reasonably ask Lloyds to also refund the account fees Mrs B has paid since February 2023.

So, when taking everything into account, I think that what Lloyds Bank PLC did to put matters right in this case was fair and reasonable.

### **My final decision**

Because of the reasons given above, I don't think that Lloyds Bank PLC needs to do anything more than what it has already done, to put matters right in this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 9 August 2023.

Thomas White  
**Ombudsman**