

The complaint

Mr C complains that Lloyds Bank PLC provided him with poor customer service in relation to him switching his bank account to them and the errors that later occurred.

What happened

Mr C says he switched a current account with another provider to Lloyds. He says there were issues with the direct debits, and he received poor service from Lloyds when he tried to get to the bottom of what happened. Mr C made complaints to Lloyds over these issues.

Lloyds credited Mr C's account with £75 for the first complaint which was because there were two call handlers he spoke to which were hesitant in raising a complaint for him and because they did not have the correct number of active direct debits in the communications they sent him regarding his switch. They also credited him £18 for call costs.

For the following complaint, Lloyds offered Mr C £30 compensation as they said he was given confusing information on calls, and when he spoke to them on 1 December 2022, they told him that he could get a list of the direct debits by going into his local branch, but this was incorrect information as the branch don't have access to the switching application. They said they also gave Mr C confusing information on a few occasions. They told Mr C the direct debit list they received from his previous bank, and they said there was only one direct debit showing as active on the account, but they named ten companies who were on the direct debit list from his previous bank.

Lloyds said they had checked their records and there's nothing stopping the direct debits being paid. They said it is the merchant's responsibility to ensure that the account details have been updated on their side so that payments can be paid successfully. Lloyds said they don't have any control over this, and it is up to the merchant to ensure this.

After a conversation with Lloyds, Mr C received another response to his complaint. Lloyds changed the outcome of his complaint. They said they checked their automated system audit, and they could see the direct debit for his credit card was accessed, but no direct debit was cancelled. Mr C brought his complaint to our service.

Our investigator did not uphold Mr C's complaint. She said Lloyds offered a fair resolution to Mr C's complaint. Mr C asked for an ombudsman to review his complaint. He made a number of points. In summary, he said Lloyds set up the direct debit with his credit card provider when they were told to cancel it, and he was paid no compensation for misleading advice from Lloyds which led to an unnecessary visit to a branch. He said that the branch would not provide him with a full list of the direct debits which his previous bank had sent to Lloyds in error.

As my findings differed in some respects from our investigator's, I issued a provisional decision to give both parties the opportunity to consider things further. This is set out below:

"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint."

I must make it clear to Mr C that while there are two other banks/building societies involved in what happened here, I can only focus on the actions of Lloyds as part of this complaint that he's brought to us.

Mr C has made a number of points to this service and I've considered and read everything he's said and sent us. But, in line with this service's role as a quick and informal body I'll be focusing on the crux of his complaint in deciding what's fair and reasonable here.

I do agree with Mr C that there is a lot of confusing information and conflicting information that he's been given at times from Lloyds. I can see from Lloyds' system notes that his switch to them completed on 17 November 2022. There is a lot of confusion about his direct debit to his third party credit card provider. I can see from the direct debit list that his previous bank sent Lloyds, that there were a total of 13 direct debits (some are for the same company) that were transferred over to Lloyds. But on this list, only one of them (to an energy company) is showing as active. So the third party credit card direct debit was not active.

I can see from the system audit that the third party credit card company set up a direct debit on Mr C's Lloyds account on 28 November 2022 – this was after his switch was completed. Although Mr C wanted this direct debit cancelled, I'm not persuaded that Lloyds would be at fault for the third party setting up a new direct debit with them.

I say this as Lloyds have explained to our service that regarding the switch process, if one of the direct debit payment requests which would have been asked for as one of the originators using his previous bank account, then the system which is used, would know that it was an account that was transferred to a Lloyds account, however Lloyds had been told that the only active direct debit was a different direct debit and not for his credit card. So no other mandates were set up ready for the system redirect of direct debits requested from his previous account. So the Lloyds account would reject the payment as there was no active mandate, so the originator would receive information that the payment was rejected and the Lloyds details. So I'm persuaded that is what happened here. The payment was rejected which led to the credit card company setting up the direct debit again on 28 November 2022.

The switch had already completed on 17 November 2022, so there is no evidence that Lloyds told the credit card provider to set the direct debit up again. I can see that Mr C made a call to Lloyds on 28 November 2022 – the same day the credit card provider set up the direct debit on his account, the evidence shows that while he went to cancel the direct debit, he did not actually confirm that he wanted to cancel the direct debit as when the system asked him if he wanted "more detail" he said "no" and he hung up before the direct debit had been cancelled. So while Mr C may have thought he cancelled the direct debit, this is why it wasn't cancelled. The audit shows the direct debit was actually cancelled two days later on 30 November 2022. Although Mr C has sent us a copy of his direct debit list which shows a date of 28 November 2022, this is the "registration date" of when the direct debit was set up, not the cancellation date. So I'm satisfied it was actually cancelled on 30 November 2022.

I've considered whether the compensation that Lloyds has paid Mr C is reflective of all of the errors which occurred. I'm not persuaded it does reflect the impact of what happened, and I'll explain why. Mr C was credited £75 compensation (and £18 for call costs) on 28 November 2022. But there were errors which caused Mr C distress and inconvenience after this date. For example, Mr C tried to get a full list of the direct debits that his previous bank sent Lloyds. He was told incorrect information to go to the branch, but as the branch didn't have access to the switcher application and they told him they couldn't help him with what he wanted, then this was a wasted journey for Mr C.

It appears all Mr C wanted was the list of direct debit companies that switched over to his

new account that Lloyds finally told him in their response letter on 30 December 2022 – which was over a month after his previous letter. This letter also acknowledges that he had been given confusing information on calls. But Lloyds sent a follow up letter on 17 January 2023 saying they had changed their decision. But I do think he had confusing and conflicting information at times as evidence by him being sent to the branch when they couldn't actually help Mr C when he arrived.

So I've considered what would be a fair outcome for this complaint. I'm persuaded that an extra £75 compensation is fair for what happened here. While I've considered that Lloyds had previously given Mr C £75 (and £18 call costs), there were further issues which occurred after this was awarded. By Lloyds' own admission they gave him confusing information over the phone, and they sent him to the branch, but they didn't/couldn't help Mr C, causing him further inconvenience and distress as this was a wasted journey. At times he was told a different number of direct debits were set up on his account, which added to the confusion as no context was given as to what was set up as part of the original switch or at a later date. So looking at all of the circumstances as a whole, I'm persuaded that an extra £75 compensation is proportionate for what happened here. So it follows I intend to ask Lloyds to put things right for Mr C."

I invited both parties to let me have any further submissions before I reached a final decision. Both parties accepted the provisional 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.

As neither party have provided me with any further information to consider, then my decision and reasoning remains the same as in my provisional decision.

Putting things right

In my provisional decision I said I intend to uphold this complaint. I said I intend to ask Lloyds Bank PLC to pay Mr C a further £75 compensation for distress and inconvenience. I'm still satisfied this is a fair outcome for the reasons given previously.

My final decision

I uphold this complaint. Lloyds Bank PLC should pay Mr C a further £75 compensation for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 3 October 2023.

Gregory Sloanes
Ombudsman