

The complaint

Mr A has complained that Lloyds Bank PLC ("Lloyds") started to charge him a monthly account fee for his Premier Service account without informing him that it would.

What happened

One of our adjudicators assessed the complaint and they didn't think that Lloyds had done anything wrong. They were satisfied that Lloyds had sent Mr A a letter to inform him that the fee-waiver on Mr A's fee-paying Premier account would be removed and so he would be charged the monthly account fee - regardless of the balance on the account.

Mr A disagreed with the adjudicator's assessment. He says that he never received the letter that Lloyds says it sent him.

As Mr A disagreed with the adjudicator's assessment, the complaint 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 Lloyds acted unfairly or unreasonably. I will explain why.

Based on what I have seen, Mr A has held a fee-paying Premier account for a number of 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 Premier accounts that were still open. I appreciate that that Mr A has largely been able to enjoy all of the benefits of the Premier account for a number of years, without having to pay for it (in the times when he kept his balance above a certain level). 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 Mr A held packaged accounts with Lloyds. This includes changing the amount that Mr A needed to keep in the account to avoid paying the monthly fee.

When making such changes to the account, Lloyds is required to provide Mr A with reasonable notice, so that he can consider his options before Lloyds starts charging the monthly account fee. In this case, Lloyds has provided evidence to show that it'd sent Mr A the letter in June 2021, informing him of the fee-waiver removal. The letter explained that the fee-waiver removal would take place in September 2021, with the first monthly account fee taken from the account in October 2021.

So taking the above into account, I think that Lloyds gave Mr A reasonable notice that the fee-waiver was due to be removed. And having read the letter that was sent to him, I can see that it explained that if Mr A no longer wanted the Premier account, other accounts that didn't include additional benefits or a monthly fee were available.

Mr A says that he didn't receive the letter. But from what I have seen, it appears to have been sent to the correct address that Lloyds had registered for Mr A at the time. Mr A says that he moved address. But the first time that Lloyds has evidence of Mr A requesting that his address be changed was in 11 January 2022 - which was quite some time after the fee-waiver removal letter had been sent to Mr A. So in the circumstances, I can't say that Lloyds is at fault if it is the case that Mr A didn't receive the letter that had been sent to him.

Overall, I think that Lloyds did what it was required to do to inform Mr A that the fee-waiver was being removed. Lloyds gave Mr A options if he was not happy with the changes made to his account and gave Mr A a reasonable amount of time to consider his options, before the changes came into effect. Because of this, I'm unable to say that Lloyds has acted unfairly or unreasonably in this matter. It therefore follows that I'm unable to say that Lloyds should refund the account fees that have been applied to Mr A's account since the fee-waiver was removed.

My final decision

Because of the reasons given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 19 September 2023.

Thomas White
Ombudsman