



## **LLOYDS TSB RESPONDS TO OFT 'PERSONAL CURRENT ACCOUNTS IN THE UK' REPORT**

Lloyds TSB is pleased that the OFT acknowledges that there is high consumer satisfaction with current accounts.

Catherine McGrath, director of current accounts, Lloyds TSB said: "Competition in the current account market is fierce. There are over a hundred different accounts available from 29 different providers with many paying extremely competitive rates of interest. We've paid high credit interest on our 'Plus' current accounts for more than five years and recently ran a nationwide advertising campaign promoting a six per cent credit interest offer for twelve months.

"Over a million people joined Lloyds TSB last year and research that we conducted showed that of people who had switched their current accounts, 79 per cent found it to be easy."

Catherine continues: "To help customers keep on top of their finances and avoid slipping into the red we introduced a limit alert text message service which warns customers when they are close to their account limit and when they slip into the red. This early warning system gives them the opportunity to take action and avoid paying any fees."

### **Credit interest**

Lloyds TSB was the first high street bank to pay high credit interest on its current accounts launching 'Plus' in February 2003. Since that time, the Plus account has continued to offer customers an extremely competitive rate of interest on balances as high as £2,500 provided they pay in at least £1,000 each month. Currently, the Plus account pays four per cent credit interest and the bank recently ran a high profile

advertising campaign offering both new and existing customers 6 per cent credit interest for 12 months on their current account.

### **Switching**

Last year, over one million people joined Lloyds TSB and the bank is the UK's most popular current account provider with 13 million customers in total. Lloyds TSB has a dedicated switching team which arranges the transfer of all standing orders and direct debits for customers joining the bank and liaises with employers and pension providers to coordinate the transfer of funds to new accounts. As well as these services, it helps customers organise the closure of old accounts and arrange the transfer of the balance. Customers are updated at every stage of the process and the team aim to complete the entire procedure within 14 working days.

Research\* conducted by Ciao for Lloyds TSB in May this year revealed that of people who had switched their current account, over three quarters (79 per cent) said that they found the process to be either 'very easy' or 'easy'.

### **Giving customers control**

The OFT's report highlighted that the majority of consumers surveyed expressed an interest in having a greater ability to control whether they incur insufficient fund charges. At the end of last year, Lloyds TSB launched a 'limit alert' text message service designed to help customers keep on top of their finances and avoid slipping into the red.

In addition to their existing free weekly balance text updates, customers are able to opt for a 'limit alert' text message service that warns them if they are close to, or over, their account limit.

Lloyds TSB also introduced a 'grace period' during which time, if a customer has accidentally slipped into the red, they can top up their account and avoid paying any charges.

## **Overdrafts**

Lloyds TSB also restructured its overdrafts so that small slip ups now cost customers less. To make interest rates easier to understand and more transparent, the bank streamlined its prices so that planned and unplanned overdraft rates are the same. Returned item fees which a customer incurs when there are not sufficient funds in their account to cover a cheque, standing order or direct debit, were reduced from £35 to £20.

Lloyds TSB has over 2,000 branches across the country, an award winning internet banking service and a 24 hour a day, seven day a week telephone banking service which is based in the UK.

Lloyds TSB will be working with the OFT to identify potential areas for improvement in the market.

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### **For further information:**

Amy Mankelow / Eve Speight  
Lloyds TSB Press Office  
Tel: 020 7356 1497 / 020 7356 2162

### **Notes to editors**

\*Research conducted by Ciao online with 2,022 UK adults aged 16+ in May 2008.