

**CA**

**(‘Complainant’)**

**Vs**

**Lombard Bank Malta p.l.c.**

**(Reg. No. C 1607)**

**(‘Service Provider’ or ‘Lombard’)**

**Hearing of 30 May 2025**

**Complaint<sup>1</sup>**

This complaint relates to alleged breaches of various sections of the EU Payments Accounts Directive (2014/92/EU) committed by Lombard when they informed Complainant that in order to keep his Basic Payments Account in terms of the said Directive, he has to close another account that he had with another local bank.

Complainant maintains there was also breach of GDPR legislation when Lombard are using against him information he gave them on his other account with another bank, to insist that he can only continue making use of his Basic Payments Account with them if he closes the other bank account that he has.

Complainant maintains that the breaches he claims that Lombard has committed to his rights have caused him extreme stress and damage to mental health, so that apart from ordering that Lombard continue normal operations of his Basic Payments Account without having to close his account with another bank, he seeks monetary compensation as follows:

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<sup>1</sup> Pages (p.) 1 – 11 and documents attached p. 12 - 77

***'I am requesting the following compensation in addition to corrective actions:***

***€10,000 for coercive practices and violations of EU competition laws.***

***€3,000 for denial of services and the resulting financial inconvenience.***

***€6,000 for potential GDPR violations, the distress caused, and misuse of my personal data against me.***

***€2,000 for unprofessional conduct and its impact on customer trust.***

***€4,000 for the damage caused to my mental health and distress as someone suffering from severe anxiety.***

***Total Compensation Sought: €29,000.'***<sup>2</sup>

### **Reply<sup>3</sup>**

In their reply, Lombard deny all allegations levelled at them in the complaint and maintain that their behaviour is entirely in line with the Payments Account Directive referred to, as translated into Maltese Legislation by S.L. 371.18, in particular article 19(4) thereof.

Lombard maintain that once they became aware, through Complainant's own revelation, that he holds another account with another local bank, they offered Complainant that he either closes the other account or else closes the Basic Payments Account with them and opens an ordinary savings account subject to the necessary due diligence procedure (as the opening of a basic payments account had required very low-level due diligence).

If the Complainant chooses the latter option, there was no need for him to close his account with another bank as such condition only applied in case of Basic Payments Accounts.

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<sup>2</sup> P. 9

<sup>3</sup> P. 82 - 83

## Hearing

A hearing was held on 19 May 2025<sup>4</sup> where parties basically restated their arguments as contained in the Complaint and the Reply.

From the evidence:

1. It resulted that Complainant has not filed any case with the Data Protection Commissioner.
2. His claim for €29,000 is however based on awards normally given for GDPR infringements.
3. His Basic Payments Account with Lombard had remained inactive from August 2023 until he contacted the Bank in December 2024 with a small minimum balance of €10.
4. It was the Complainant himself who explained this inactivity by disclosing that, in the meantime, he was using an account he had with another local bank.
5. The Bank had sent a renewal of the debit card to the last address on record, but this was returned by postal authorities as the Complainant changed address without informing Lombard.
6. Lombard only register change of address requests when made by means which permit authentic verification either by personal call to a branch or through the bank's internet portal via secured messages.
7. Complainant has not taken any initiative to open a normal savings account with Lombard.
8. MFSA brochure on the matter (Payment Account with Basic Features)<sup>5</sup>  
<sup>6</sup>clearly state:

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<sup>4</sup> P. 85 - 92

<sup>5</sup> <https://www.mfsa.mt/service-detail/payment-accounts-with-basic-features/>

<sup>6</sup> <https://www.mfsa.mt/wp-content/uploads/2019/01/mfsa-3-gate-leaflet-eng.pdf>

*“If, after opening a payment account with basic features, the bank finds out that you have other bank accounts, it may immediately close your account and even require you to pay any fees related to the services or products provided.”*

## **Decision**

Having analysed the submissions and the evidence given at the hearing, the Arbiter sees no evidence that the Bank has acted unethically or unprofessionally as claimed by Complainant, or that they have breached any of his rights under the Payments Account Directive.

On the contrary, the Arbiter finds that the complaint borders on the frivolous and vexatious especially when expecting compensation of €29,000 for imaginary breaches, including breaches of data protection for which he filed no complaints with the proper authority.

This complaint is hereby dismissed with costs to the Complainant.

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**Alfred Mifsud**  
**Arbiter for Financial Services**

## *Right of Appeal*

The Arbiter’s Decision is legally binding on the parties, subject only to the right of an appeal regulated by article 27 of the Arbiter for Financial Services Act (Cap. 555) (‘the Act’) to the Court of Appeal (Inferior Jurisdiction), not later than twenty (20) days from the date of notification of the Decision or, in the event of a request for clarification or correction of the Decision requested in terms of article 26(4) of the Act, from the date of notification of such interpretation or clarification or correction as provided for under article 27(3) of the Act.

Any requests for clarification of the award or requests to correct any errors in computation or clerical or typographical or similar errors requested in terms of article 26(4) of the Act, are to be filed with the Arbiter, with a copy to the other party, within fifteen (15) days from notification of the Decision in terms of the said article.

In accordance with established practice, the Arbiter's Decision will be uploaded on the OAFS website on expiration of the period for appeal. Personal details of the Complainant(s) will be anonymised in terms of article 11(1)(f) of the Act.

*Costs of the proceedings to be borne by the Service Provider*

The costs of the proceedings are not limited to the payment of any applicable cost of filing the Complaint with the Office of the Arbiter for Financial Services (presently Eur25) but may also include any reasonable lawful professional and legal fees paid by the Complainant limited to the acts filed during the proceedings of the case. Such professional fees should not include any extra-judicial fees and charges.

Whilst there exists no tariff about proceedings before the Arbiter nor such aspect is provided for under Chapter 555 of the Laws of Malta, it is being underscored the fact that the Office of the Arbiter for Financial Services is an Alternative Dispute Resolution Entity (ADR Entity). Therefore, the costs of the proceedings before the Arbiter cannot be higher than those prevailing for Court proceedings in Malta but are expected to be lower.

The Arbiter is inspired in this respect by the provisions of Directive 2013/11/EU of the European Parliament and of the Council on alternative dispute resolution for consumer disputes ('the ADR Directive') which clearly state that proceedings before an ADR Entity should *inter alia* be inexpensive so as to encourage consumers to seek a remedy for the solution of their disputes in a manner they can afford.

The ADR Directive insists on the low-cost nature of these proceedings. For instance, it provides that customers should have access to '*simple, efficient, fast and low-cost ways of resolving domestic and cross-border disputes*'<sup>7</sup> and that

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<sup>7</sup> Preamble (4) of the ADR Directive (EU/2013/11)

*'Alternative Dispute Resolution (ADR) offers a simple, fast and low-cost out-of-court solution to disputes between consumers and traders.'*<sup>8</sup>

The Arbiter accordingly directs the parties to take cognisance of the said principles listed in the ADR Directive. In reaching an agreement on the costs of the proceedings payable, the parties should accordingly be guided by the principle of a *'low-cost out-of-court solution to disputes between consumers and traders'*.<sup>9</sup> The benchmarks on fees as legally stipulated for civil procedures in Malta may also provide certain guidance.<sup>10</sup>

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<sup>8</sup> Preamble (5) of the ADR Directive (EU/2013/11)

<sup>9</sup> *Ibid.*

<sup>10</sup> Tariff E, Cap. 12, Code of Organization and Civil Procedure