

The complaint

Mr T complains that Lloyds Bank PLC didn't pay a credit card refund to him

What happened

Mr T received a letter from Lloyds telling him that he was entitled to a refund of £7,000 for charges and interest applied to his credit card account. The money was paid to a company I will call "L", that Lloyds sold the credit card debt to. Mr T says he could have used the money to negotiate a partial settlement with L, and complains that Lloyds has refused to tell him how much it sold his debt for. He says Lloyds hasn't taken into account the stress he has been caused and says his credit file must have recorded an incorrect balance.

Mr T would like Lloyds to disclose all the information he has asked for and would like the money paid to him to allow him to negotiate with L. He would also like to know the amount Lloyds sold the debt for and says that information is not commercially sensitive, and would like compensation for the stress and anxiety he has been caused.

Lloyds didn't uphold Mr T's complaint and says it was instructed by its regulator to review Mr T's account between two dates from September 2013 to July 2015. It says as a result it has refunded fees and interest and not payments made by Mr T. Lloyds says Mr T can still negotiate with L and the information he wants about the sale of the debt is commercially sensitive and will not provide details of it.

Mr T brought his complaint to us but our investigator didn't uphold it. The investigator thought the debt sale information was commercially sensitive, and as L has responsibility for the debt, Lloyds was entitled to refund it the money. The investigator didn't think Mr T had made a payment to his credit card debt from November 2014.

Mr T doesn't accept that view and says Lloyds has failed to comply with his request for the information it holds about him. And complains about how L has treated him and that it would have paid a fraction of the amount he owed, to buy the debt from Lloyds.

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. Having done so, I have come to a similar overall view as the investigator and for similar reasons.

I'm satisfied that the information Mr T would like about the sale of the debt is commercially sensitive, and so I can't fairly order Lloyds to disclose that information to Mr T. I'm also satisfied that Mr T owed Lloyds money and it's entitled to make a commercial business decision to sell that debt for as much as it thinks is appropriate. Those are decisions that I can't fairly interfere in.

I can see that Mr T complains about Lloyds failure to comply with his data information request and about how L has treated him. Those are not areas of the complaint that I can

look at and Mr T will need to make separate complaints about them, as part of those complaints are against L. And Lloyds has not had an opportunity to look into this part of the complaint.

I have looked at Lloyds records and can see that in 2012 Mr T's credit card debt was about £15,000, and by the time it was closed in 2015 was about £17,445. I can also see that limited payments towards that debt were made by Mr T, and the last payment was in November 2014. So I don't think Mr T has paid the charges and interest and owed Lloyds money. In those circumstances I find it would be unfair to order Lloyds to repay the refund to Mr T. I'm satisfied that the effect of the refund is to remove charges and interest from the balance that was owed to Lloyds and is now owed to L.

There is no question that L owns the debt and I think Lloyds has acted fairly by paying the refund to L.

I appreciate that Mr T's credit file may have shown that he owed the full balance. I have not seen a copy of that credit file, and so I don't know what information was recorded. But I don't think it matters as a default was registered on Mr T's credit file in 2015. And I have not seen any evidence that Mr T was adversely affected by what would have been a difference in an amount owed.

Overall I'm satisfied Lloyds has acted fairly and hasn't made a mistake by sending the refund to L. It follows that I can't fairly order Lloyds to pay any compensation for any stress and anxiety Mr T was caused.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 24 July 2020.

David Singh
Ombudsman