

## **The complaint**

Mr O complains that the amount he has been asked to repay for an account he held with Lloyds Bank plc has been overstated.

## **What happened**

Mr O had a credit card account with Lloyds. He says he has a statement which shows the amount outstanding was £1804.77 but he's been asked to pay £2232.75. He says he didn't know what the bill was for and he had to contact Lloyds to find out what product it related to. It told him it had sold the debt to a third party. I'll refer to this third party as 'the purchaser'.

Mr O says he's also received court documents which require him to pay the higher amount.

Mr O thinks the amount he's been asked to pay has been overstated. He says that Lloyds has accepted it mis-sold Payment Protection Insurance (PPI) to him and it sent him a cheque for £932.67 by way of compensation on 12 July 2019. He says that this compensation belongs to him. It was paid to him because, he says, Lloyds fraudulently added PPI premiums to his credit card balance. And, he says the amount of the missold PPI should be subtracted from the credit card balance he's been asked to pay.

He complained to Lloyds about this. Lloyds investigated his complaint. It said it had sold the credit card balance owed on Mr O's account on 25 June 2015 to the purchaser. It said that the purchaser now owned the debt and so Lloyds wasn't able to apply the PPI compensation cheque to the debt. It said Mr O could send the cheque to the purchaser and ask it to apply it to the debt. Lloyds also said it couldn't make a payment arrangement with Mr O because it no longer owned the debt. So, it didn't uphold his complaint.

Mr O referred his complaint to our service. He told us he wanted to make clear that he hadn't said the PPI refund should be used to reduce the outstanding balance on his debt. And, he reiterated that the amount of the debt which Lloyds had sold to the purchaser was incorrect.

Our investigator looked into his complaint. She said that the debt had been sold on 25 June 2015. She thought it may have increased after that date because of court fees. But she said that Lloyds couldn't agree a repayment plan because it no longer owned the debt. She said this was also the reason why Lloyds couldn't apply the PPI refund cheque against the debt. In these circumstances she said Lloyds hadn't done anything wrong and had fairly dealt with the complaint.

Mr O didn't agree. He said that the amount of the debt which had been sold to the purchaser was overstated because it included an amount for missold PPI. He also said that the amount which he'd received for the missold PPI belonged to him.

Because Mr O didn't agree the complaint was referred to me to decide. I issued a provisional decision in which I said:

### ***What I've provisionally 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.*

*Mr O says the amount of the debt he's been asked to repay on the credit card has been overstated. He says that because the PPI was missold, the amount of the PPI refund should be deducted from the debt.*

*I can see that Mr O was sent a letter from Lloyds dated 12 July 2019. That letter sets out how the PPI refund was calculated. The compensation awarded includes a full refund of the total amount of all PPI premiums that had been charged to Mr O's credit card account. According to the letter this amount was £601.98. In addition, Mr O received an amount for compensatory interest. Income tax at the basic rate was deducted from the compensatory interest. So, he received £932.67 in total. The letter says that as a result Mr O was now in the position he would've been in if no PPI had been purchased.*

*In these circumstances, Lloyds has already paid back to Mr O, all of the money which it had taken from his account for PPI premiums.*

*Having thought about what Mr O has said, I think he believes that Lloyds should also have to deduct the PPI premiums from the outstanding credit card balance. But, if it had to do that, Mr O would get the equivalent of a second refund for the missold PPI. So, I don't think it's fair or reasonable to expect Lloyds to do that.*

*If Mr O wants to use the PPI refund he's received from Lloyds to pay off part of his credit card balance, then he can do so. But, as Lloyds has told him, he must pay it to the purchaser because Lloyds no longer owns the debt.*

*I've also looked at the various court documents which Mr O has provided to us. I can see that Mr O received a letter dated 25 April 2019 from solicitors acting for the purchaser. The letter refers to an amount of £2122.75 due under a County Court Judgment dated 17 December 2018. It says that because this amount wasn't paid, and no suitable resolution had been reached the matter was referred back to the court and an Attachment of Earnings Order was sought.*

*A "Suspended Attachment of Earnings Order" dated 30 July 2019 was made by the court. This document states*

*"At your request the court has made a suspended attachment of earnings order."*

*It refers to an amount payable under the judgment of £2232.75 together with interest. It also states:*

*"if you (either the judgment creditor or the judgment debtor) object to the terms contained in the order, you must write to the court with your reasons. You have 16 days from the date of the postmark to do this. A hearing will be arranged and both parties will be told when to come to court."*

*I can see that our investigator thought the original debt may have increased from £1804.77 to £2232.75 because of court fees. I haven't seen any information about how the judgment amount was calculated. But, if Mr O wanted further explanation for this or if he thought the amount of the debt had been overstated in any way, he had the right to object to the terms of the court order that had been made. The court order sets this out.*

*The court order also said that if Mr O needed more information he should contact the judgment creditor (the purchaser). It's not for me or our service to comment further about a matter which has been dealt with in a court judgment.*

*So, having considered everything here, it is not my intention to uphold this complaint.*

### ***My provisional decision***

*For the reasons given above I've provisionally decided not to uphold this complaint about Lloyds Bank plc*

Mr O contacted our service after he received the provisional decision. He asked for clarifications about what had been said in the provisional decision. Those clarifications were provided to him. And he was given additional time to make any further comments. He hasn't provided any further comments.

Lloyds responded to my provisional decision. It said it had nothing further to add.

So, I now have to make a final 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.

No new information has been provided to me since I issued my provisional decision.

So, having considered everything here, I have not changed my view as set out in the provisional decision. And, for the reasons set out there, I don't require Lloyds to take any action to resolve this dispute.

### **My final decision**

For the reasons given above I do not uphold this complaint about Lloyds Bank plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 25 March 2021.

Irene Martin  
**Ombudsman**