

## **The complaint and background**

Miss P complains that Lloyds Bank PLC didn't treat her fairly when defaulting her account.

Miss P first contacted Lloyds to say she was struggling with her account in early 2018, and her account was ultimately defaulted in May 2019. Around a month later, in June 2019, Lloyds refunded to Miss P the charges that had been incurred on her account since around 2016 as a gesture of goodwill. Miss P says that if these charges had been refunded earlier then she may have been able to avoid the default on her account.

Lloyds looked at Miss P's complaint, it felt that it had acted reasonably. Miss P remained unhappy, so she referred her complaint to us.

One of our adjudicators looked into Miss P's concerns, she felt that Lloyds hadn't acted unfairly in how and when it defaulted Miss P's account. Miss P disagreed, she maintained that she might have been able to repay the debt before it defaulted if the charges had been refunded earlier. Miss P also questioned why Lloyds took around a year to default her account once it became clear she was struggling financially.

Because Miss P remained unhappy, the complaint was passed to an ombudsman for 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.

Having carefully considered everything, I don't think that Lloyds has acted unfairly here. I'll explain why I think this is the case.

Miss P feels she could have avoided the default on her account if Lloyds had refunded the charges to her account earlier. But I don't think that the evidence from that time supports what she has said. The refunded amount did reduce the outstanding balance of her account, but didn't clear it, she still would have owed a significant amount on the account. And around the time of the default Miss P had completed an income and expenditure form for Lloyds which showed she had only limited funds to repay the debt. She'd said she could only offer around £50 per month at that time, and hadn't indicated that she might have access to other funds she could use to repay part of the balance. So I think that the default is an accurate representation of Miss P's financial position regarding this account and I won't be asking Lloyds to remove it from Miss P's credit file.

I note that Miss P has also questioned why it took Lloyds around a year from when she first told it of her difficulties to default the account, she says she's seen guidance that accounts should be defaulted within 3-6 months. But there is no requirement for a bank to default an account within a set period of time. And throughout 2018 Miss P was engaging with Lloyds to agree repayment plans to try to reduce her outstanding balance. So in those circumstances I think it was fair for Lloyds to give her that breathing space to see if she could repay the balance before it began the process of defaulting the account. When it

became clear in 2019 that Miss P would not be able to increase the amount she was paying, and that there was therefore no prospect of her repaying the balance within a reasonable period of time, I think it was fair for Lloyds to then decide to default the account.

I appreciate that this will be very disappointing for Miss P, but I'm satisfied that Lloyds has treated her fairly here, so I won't be asking it to do anything more.

### **My final decision**

For the reasons I've explained, I'm not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss P to accept or reject my decision before 5 May 2022.

Sophie Mitchell  
**Ombudsman**