

## **The complaint**

Miss N complains that Lloyds Bank PLC (“Lloyds”) didn’t provide her with enough support to address arrears on her credit card after she became ill in 2014.

## **What happened**

Miss N held various accounts with Lloyds. Unfortunately, Miss N became unwell in 2014 which led to her needing various treatments and surgeries to address her health difficulties.

Miss N contacted Lloyds to explain her situation. She was concerned about the amounts she owed on various accounts. She said her health condition had resulted in financial difficulties and she wasn’t able to maintain agreed repayments. Lloyds asked Miss N to provide evidence of her medical condition.

Having received the information requested and reviewed Miss N’s circumstances, Lloyds decided to close Miss N’s accounts, recorded defaults on her credit file and passed them to their specialist support team within their collections department.

Lloyds maintained contact with Miss N in order to understand her ongoing problems. They also tried to establish whether a repayment plan could be agreed. But each time, they found that Miss N’s circumstances meant she had no surplus income available. So, they weren’t able to agree a sustainable repayment plan.

The outstanding debts were later transferred to a debt recovery agent. Following this, a relative of Miss N repaid an amount owed in respect of one of the accounts. An agreement was then reached to partially settle the amount owed on another account.

In April 2021, Miss N complained to Lloyds. She said she felt they hadn’t supported her when she first told them about her health difficulties. She thought Lloyds should be more sympathetic to her circumstances and provide an agreement to clear her remaining debt.

Lloyds agreed to take back the remaining debt from the debt collection agency. This element related to Miss N’s Lloyds credit card account. They agreed to place a 30 day hold on the account and offered to review her circumstances again.

Another relative of Miss N offered to partially repay the remaining credit card debt. But Miss N says Lloyds wouldn’t accept this. She says they persistently asked her to provide evidence of her health problems and continued to be unsympathetic and acted inappropriately towards her.

Lloyds responded to Miss N’s complaint in a letter dated 8 April 2021. They didn’t agree they’d done anything wrong. They said that when she first advised them of her situation, they’d reviewed her financial circumstances. This had showed she was unable to make any repayments. And because of this, they had no option but to pass her accounts to their recoveries department.

Lloyds said they may be able to consider writing off the balance she owed, but she would need to provide up to date medical evidence of her health situation.

Miss N wasn’t happy with Lloyds response. So, she referred her complaint to this service. She says Lloyds had caused her significant distress and made her feel belittled. She wanted them to reach an agreement to clear the debt.

Having considered all the information available, our investigator didn't agree that Lloyds had been unsupportive of Miss N's situation and found no reason to uphold her complaint.

As an agreement couldn't be reached, Miss N's complaint has been passed to me to consider further.

### **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.

There were a number of different elements to Miss N's original complaint. Our investigator has explained to Miss N that some of these can't be considered by this service. They also clearly explained why that is and Miss N has confirmed her understanding. As a result, my decision will only be considering Miss N's suggestion that Lloyds were unsupportive of her situation.

I'm also aware of subsequent correspondence sent by Lloyds to Miss N that has prompted a further complaint. But as this is a new complaint, and not one addressed in Lloyds' response in April 2021, I also can't consider that aspect within this decision.

I want to reassure Miss N that I've carefully considered everything she's said including her recollections of what happened together with the information she's provided. While I can't imagine the distress and worry that has resulted from her health difficulties, I do appreciate this has been an extremely difficult and challenging time for her. I'd also like to acknowledge that it appears Miss N has at no time ignored her financial situation and obligations.

The rules and standards that apply where a consumer experiences financial difficulty are explained in the Financial Conduct Authority's (FCA) Handbook. Specifically, the Consumer Credit Sourcebook ("CONC") Section 7. This says that lenders should consider consumers in default or arrears difficulties with forbearance and due consideration. It then lists examples of what this might include.

By transferring Miss N's debt to Lloyds' specialist support team, this ensured that no further interest or charges would be applied to her debt. And I think this was the right thing to do here. Having reviewed her financial situation, Lloyds established that Miss N couldn't afford to make repayments. And I can't see they insisted Miss N enter a repayment agreement that was unsustainable or unaffordable for her. Again, this is what I would expect in these circumstances.

Because of the situation, Lloyds transferred Miss N's debts to a debt recovery agent. This is common practice as Lloyds wouldn't necessarily be able to provide the tailored support required to manage a debt that was no longer active or being serviced. A debt collection agent is usually better placed to be able to do that. So, I can't reasonably say Lloyds did anything wrong when they did that either.

Having reached an agreement to clear two of the outstanding debts, this left the remaining credit card element. Following Miss N's complaint, Lloyds took this back from the debt recovery agent. They told Miss N they would consider writing off what she owed and asked Miss N to provide up to date medical evidence before they made that decision. The last evidence they received from her dated back some years. And while I know Miss N isn't happy with Lloyds' request, I don't think it was unreasonable here. A lender is under no obligation to write off debt. But given the circumstances, I can understand why Lloyds might consider this in order to resolve matters.

While I realise Miss N will be disappointed, I haven't found anything to support Miss N's claim that Lloyds acted in an unreasonable or unsupportive way. They appear to have met the FCA's requirements in CONC and have also agreed to consider writing off the remaining debt. So, I don't think there's anything more I would expect of them.

### **My final decision**

For the reasons set out above, I don't uphold Miss N's complaint

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss N to accept or reject my decision before 3 November 2022.

Dave Morgan  
**Ombudsman**