

The complaint

Mr H complains Lloyds Bank PLC incorrectly told him his credit score wouldn't be affected if he agreed to a repayment plan.

What happened

The details of this complaint are well-known to both parties, so I won't repeat them again here. The facts aren't in dispute, so I'll focus on giving the reasons for my 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 done so, I've reached the same conclusions as our Investigator, for these reasons:

- Mr H spoke with Lloyds in late July 2022 about his change in circumstances, and repayments plans were discussed. I've listened to the recording of this call, and I consider Mr H made it clear he wanted to do all he could to manage his financial obligations, without negatively impacting his credit score. Therefore, while Lloyds were always obligated to provide clear information, the circumstances of this complaint mean it was even more important Mr H was given sufficient information to make an informed decision.
- The adviser took steps to explain a default or missed payments could impact Mr H's credit score. However, I don't consider he was as clear as he could be as he spoke quite quickly during the call, and at one point said there would be "*no impact whatsoever*" when explaining what would happen to Mr H's credit score if a default wasn't applied. But given Mr H was being offered a no payment plan, I do think Lloyds' adviser could and should have done more to clearly outline what this would mean for Mr H given the concerns he'd raised throughout the call, and what he'd explained about the steps he was considering to pay his debts.
- I don't dispute Lloyds are obligated to report accurate information to credit reference agencies. And the evidence I've been provided suggest they did exactly that. However, I can't ignore the fact Mr H may not have agreed to the repayment plans had things been better explained during his phone call with Lloyds. As such, I do consider it's fair in the circumstances that Lloyds takes steps to put things right.
- When deciding what's a fair and reasonable resolution to this complaint, I must take all circumstances into consideration – including whether Mr H took steps to mitigate his losses. In doing that, I can't ignore the fact that Lloyds wrote to Mr H each time a plan was set up for him. Those letters explained his credit score could be impacted if he didn't keep up with his contractual payments. So, while Lloyds' adviser wasn't as clear as I'd expect during the call, I'm satisfied Mr H was given information to make him aware his credit score might be impacted by the repayment plan – or at least

gave him enough information to question if he'd properly understood what he'd been told by Lloyds' adviser. As Mr H didn't do that until he complained in October 2022, I can't agree that Lloyds is solely at fault for the changes in Mr H's credit score since the first plan was agreed. Had Mr H contacted Lloyds sooner, potentially, some of the impact he's complained about could have been avoided.

- Mr H has also complained about the tone used by Lloyds's adviser during the call. However, having listened to the call I consider the adviser was personable and professional throughout. As such, this doesn't change the way I consider Mr H's complaint should be resolved.
- With the above in mind, I consider £200 is a fair a reasonable award to recognise the distress and inconvenience Mr H experienced once he realised the repayment plans didn't work in the way he'd expected. I've taken on board what Mr H said he'd have done had he known the true implications of the repayment plans. But as I've said above, I'm satisfied Mr H had enough information reconsider how he wanted to manage his finances once he received the first letter about the repayment plan in August 2022.

I appreciate Mr H has been through a very difficult time, and this isn't quite the answer he hoped for. However, I am still upholding his complaint.

My final decision

My final decision is that I'm upholding Mr H's complaint about Lloyds Bank PLC.

To put things right, Lloyds Bank PLC should pay Mr H £200 in recognition of the distress and inconvenience their mistake caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 20 October 2023.

Sarrah Turay
Ombudsman