

The complaint

Mr J complains about the lack of support from Lloyds Bank PLC and their default and closure actions.

What happened

Due to difficult personal circumstances, which I won't record here, in October 2022 Mr J found himself in a vulnerable position.

Mr J was no longer receiving any income from his pensions as he has chosen for these funds to be credited to an account he doesn't control. Also, his partner who is the recipient of his pension funds will no longer provide him with any funds to pay his Lloyds credit card account.

Mr J shared his difficult situation with Lloyds and, in December 2022, they agreed to temporarily stop collections activity and interest being applied to his credit card account.

Mr J's financial situation didn't change and at the beginning of 2023 he was still unable to pay his monthly balance. As he didn't have any income and didn't want to reallocate any of his pension funds, a repayment plan couldn't be agreed. Lloyds said they didn't have a way of helping him and they decided to default and close his account.

In April 2023, Mr J complained to Lloyds. This is because he found their letters threatening and felt they hadn't taken his personal situation and circumstances into consideration. Lloyds' decision to not uphold Mr J's complaint was communicated after they sold his debt to a debt collection company (Company A) and this reinforced Mr J's belief that they prioritised their financial interests and didn't consider a loyal customer's difficult situation and his emotional and mental state.

Mr J complained to our service, but our investigator didn't uphold his complaint. And in the meantime, Company A have moved his debt to another company.

As Mr J remains dissatisfied, this case has now been referred to me to look at.

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'm not upholding this complaint and I'll explain why. I should first say, that from reviewing the file, I consider Mr J to be a vulnerable customer according to Financial Conduct Authority (FCA) guidance on the matter and I'm very sorry to hear about his difficult situation and circumstances.

Mr J's belief that Lloyds didn't consider his personal circumstances, situation, emotional and mental health is due to their decisions to close his account and sell his debt. Also, the communications he's received from their debt collection and complaint handling teams. This includes selling his debt before responding to his complaint.

Regarding Lloyds' handling of Mr J's above mentioned April 2023 complaint and whether they should've suspended rather than continued with an account closure process agreed back in January 2023 in case they upheld Mr J's complaint, I should point out that there are FCA rules (known as DISP Rules) which means complaint handling is not a regulated activity so I'm unable to consider their procedures and processes here.

Although I can understand how the timing of Lloyds' complaint response letter has given Mr J the impression that his situation and circumstances weren't considered, from reviewing the file, I'm satisfied that Lloyds' actions were in Mr J's interest rather than their own. Also, the file shows the closure and default actions had been in motion, having been agreed several months earlier and Lloyds acted within both legislation and the terms and conditions of the account that Mr J agreed to.

Mr J thinks Lloyds didn't recognise his vulnerability, haven't given him more tailored support and their approach is to get their money back regardless of the personal cost to him; but I'm not persuaded that this is the case.

I listened to the call Mr J had with Lloyds in January. When this call was made Lloyds hadn't been receiving any payments for several months, so his account was in arrears. And despite their support team having put his account on hold and suggesting he modify his financial arrangements to gain access to his pension funds Mr J appeared to have no way of meeting his contractual obligation. The representative checked that Mr J wasn't being coerced and made enquiries about when his situation might change. Mr J confirmed he hadn't been coerced.

For reasons which are personal to Mr J he wasn't prepared to modify his financial arrangements to pay Lloyds and he didn't feel able to say when he would be able to pay them. So, the Lloyds representative explained that she was unable to complete the process of reviewing his income and outgoings, was limited in ways to help him and could therefore only offer him the closure of his account which would stop the fees and charges. The impact was explained, sent to him and Mr J agreed to this and said it made sense.

I appreciate that Mr J later thought Lloyds should have given him greater support. However, considering Mr J's comments, his agreement to close his account, his inability to indicate when he might decide to give himself income from his pension and the significant number of months where he couldn't pay his minimum balance, I also can't see that Lloyds had any choice but to default and close his account.

Also, banks are required to both support vulnerable customers and act as a responsible lender by preventing them from getting into greater debt. They can't leave customers, who either can't or won't make decisions to enable them to make payments, to get into greater debt.

Prior to suggesting a default and account closure, which I'm satisfied they considered to be in Mr J's best interest based on the information available to them, Lloyds made practical suggestions, froze interest and fees and signposted Mr J to independent advice. Also, they made Mr J aware of the impact of closing his account and made efforts to speak with him.

I looked closely at Lloyds' correspondence and although I recognise that the subject matter is distressing, I found them to be factually correct. Also, there is evidence that Lloyds made efforts to speak with Mr J. And, as stated by our investigator, Lloyds have obligations to be clear and concise in their communications so there is a requirement for their letter to be formal.

Having considered the above, all the information on file and FCA guidance, although I recognise Mr J's upset and very difficult situation and circumstances here, I don't think Lloyds have treated him unfairly. So, I'm not upholding this complaint.

My final decision

My final decision is that I'm not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 24 February 2024.

Paul Douglas
Ombudsman