

The complaint

Mr N says Lloyds Bank PLC (Lloyds) were unreasonable to default his account.

What happened

The details of this complaint are well known to both parties, so I won't repeat them again here. Instead, I'll focus on giving my 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.

I know it will disappoint Mr N, but I agree with the investigator's opinion. I'll explain why.

Where the information I've got is incomplete, unclear, or contradictory, as some of it is here I have to base my decision on the balance of probabilities.

I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point it's not because I've failed to take it on board and think about it but because I don't think I need to comment on it in order to reach what I think is the right outcome.

The Information Commissioner's Office (ICO) says when a consumer is at least three months behind with their payments then a default may be registered. And it would expect a default to be registered by the time the consumer is six months behind with their payments. Mr N missed payments in February, March, April, and May 2023 so I don't think Lloyds were wrong to then seek to default his account. In those circumstances the terms of the account would require payment of the outstanding balance.

Mr N says there were mitigating circumstances. He's explained, and Lloyds don't dispute, that he called them in January 2023 to ask them to change the date upon which his direct debit was taken, but instead of changing the date they changed the account they were calling for funds from, and that account was one Mr N didn't use. Mr N has explained that if Lloyds had continued to take payments from the account they'd always taken payments from, and if they'd taken payments on the revised day he'd requested, there would have been sufficient funds in the account.

While I can understand that Lloyds mistakes would have caused Mr N some distress and inconvenience, I think they've fairly compensated him for that as they have offered to pay £80. It was Mr N's responsibility to ensure that payments were being made towards his loan and I think there was enough information available for him to understand payments weren't being made. I say that because system notes demonstrate arrears correspondence was sent to the address we have on file for Mr N, and that a text message was sent in March 2023. Mr N would also have had access to statements that would have shown payments being returned unpaid and as the loan payments were considerable (in excess of £600 per month),

I think Mr N would have been likely to have understood they weren't leaving his usual account.

So, while I understand this must have been a distressing time for Mr N I'm afraid I don't agree that Lloyds were unreasonable to default his account.

My final decision

For the reasons I've given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 7 March 2024.

Phillip McMahon
Ombudsman