

The complaint

G, a sole trader business, complains that Lloyds Bank PLC can't show that it should be liable for a loan as there is no signed agreement.

What happened

The owner of G says he tried on several occasions to obtain a copy of the agreement, but Lloyds couldn't provide it.

Lloyds stated that the loan was taken out in 2012 for 180 months and G has been making repayments. G was sent the loan documents in 2012 and arranged to access the money. Lloyds apologised for the poor service in dealing with G's request for a copy of the loan agreement now and paid £30 in compensation. Lloyds didn't agree that G shouldn't be liable for repayment.

Our investigator didn't recommend that Lloyds do anything further. Lloyds could now provide G with details of the balance outstanding and repayments. A file note from Lloyds stated that the loan documents were issued on 24 October 2012. The loan was subject to interest at Base Rate (based on that set by the Bank of England) plus 3.41 per cent per annum. And this explained why payments had varied and not been fixed as the owner of G stated should have been the case. By October 2023 there was still over £40,000 loan balance outstanding and for which our investigator considered G was fairly responsible. Lloyds had acknowledged the health problems the owner of G had reported and provided contact details for additional support.

G didn't agree and wanted its complaint to be reviewed. The owner had now provided what he said was a draft loan agreement that wasn't signed. He stated that the loan payments should have been fixed and he had concerns that the terms were incorrect.

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 won't be able to resolve what was said to G at the time the loan was taken. I need to make my decision on the evidence that is available.

G has now provided a copy of the loan agreement but which it says didn't reflect the final terms agreed. I note that this is dated 24 October 2012. The loan amount is consistent with that actually provided to G and the interest rate stated to be variable at a margin of 3.41 per cent over Base Rate and that Base Rate was then stated in 2012 to be 0.50 per cent. G has also included a copy of a signed CHAPS transfer form.

I note that those terms are consistent both with what Lloyds recorded in its file and with it sending the documentation on 24 October 2012. There is no reference to the terms being altered after that. The loan was secured and there would have been the involvement of solicitors. And Lloyds recorded that the money was sent onwards from G's bank account to

its solicitors so that a property purchase could be finalised.

The loan has been in place for over 10 years and Lloyds stated that in 2020 there was a six-month repayment holiday agreed. In any event the terms and requirements of payments have in my view been evident to G. I can understand though that increases in Base Rate have resulted in increased monthly repayments.

G had the benefit of the loan and is reasonably required to repay this. While I know that it has disputed the terms applied I don't have a basis on the evidence to find that Lloyds has made a mistake or shouldn't expect repayment by G. I appreciate the difficult personal circumstances for the owner of G, and I'd expect Lloyds to take these into account and it has offered to discuss support with him. I think that the compensation of £30 already paid was reasonable to reflect that it took some time before G was clearly told that Lloyds couldn't locate a copy of the loan agreement. I won't be requiring it to do anything more.

My final decision

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask G to accept or reject my decision before 14 May 2024.

Michael Crewe
Ombudsman