

The complaint

Mr B complains that his credit card provider, Lloyds Bank PLC, unfairly recorded a default against him.

What happened

Mr B held a credit card with Lloyds. In October 2023, after several missed payments, the bank applied a default to Mr B's credit file.

Unhappy with Lloyds' actions, Mr B complained. He said, in summary, that he felt the default had been applied unfairly. Mr B explained that he'd been working abroad, unaware that no payments had been made and that he hadn't received any letters from Lloyds.

Lloyds issued its final response on 19 January 2024; it didn't agree the default had been applied unfairly. Instead, it said that the account had been in arrears for some time. The bank also said that Mr B hadn't updated his address, despite it advising him to do so when it had spoken to him some time previously. Moreover, Lloyds said it had sent Mr B statements via online banking every month; it had chosen to default the account due to the level of arrears and that it had a duty to report accurate information to Credit Reference Agencies (CRAs).

Lloyds also added that it had – in the past – agreed a 30-day hold for Mr B's account, after it had discussed the arrears with him. It had asked Mr B to contact it once that timeframe expired, but he'd never done so. As a result, it had followed its usual process in such circumstances.

Finally, aside from the above, Lloyds did agree to pay Mr B some compensation for difficulties he'd had when trying to raise a complaint. It offered him £25.

Mr B remained unhappy, so he contacted this Service for an independent review. An Investigator here looked at what had happened and, overall, he didn't think Lloyds had acted unfairly. He said:

- Mr B had called Lloyds to discuss his arrears in March 2022. He had told the bank he still had access to the address that it held on file, although he wasn't residing there. Lloyds told Mr B to update his address in branch, which he said he would. But it doesn't appear that he ever did.
- Ultimately, Mr B had a responsibility to ensure repayments were made on time. And it seemed he had made some repayments, but not others, including when he was abroad.
- It was reasonable then, keeping the above point in mind, to say that Mr B knew some repayments were being made, but others weren't. And, more broadly, that he was aware of the debt.

- £25 compensation for the administrative issues Mr B had encountered was a fair and reasonable amount in the circumstances.

Mr B disagreed with our Investigator. He said that, while he understood the position taken, he still didn't think it right that Lloyds hadn't done more to contact him. Particularly given it knew he wasn't residing at the address held on file.

Our Investigator, though, didn't change his mind; he didn't agree that Lloyds had done something wrong. So, as no agreement has been reached, the complaint has now been passed to me to decide.

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'll say first that I can surely understand Mr B's apprehension over the default on his credit file, and I do sincerely hope that the hypothetical issues he's mentioned – which could arise from a default – don't come to pass.

That said, while this will be disappointing for Mr B, I don't find that Lloyds has acted unfairly or unreasonably here – for much the same reasons outlined by our Investigator.

To explain, I say that because it's quite clear, that on several occasions, Mr B didn't make at least the contractual minimum monthly repayments towards his credit card balance. That's something he was responsible for doing, as per the terms and conditions he agreed to when he opened the account.

I understand Mr B's view that Lloyds should have done more to reach him, but the bank isn't *obligated* to do so. Here, Lloyds was regularly writing to the address it held for Mr B – which Mr B had previously told the bank he still had access to; and which Lloyds had advised him to update, but he hadn't – and it seems the bank was sending his monthly statements via online banking. I think, overall, that's enough for me to be satisfied that Lloyds was taking appropriate steps to make Mr B aware of the state of his account, and what payments needed to be made.

I noted that Mr B did, in fact, intermittently make some repayments. So, even if he was abroad or wasn't residing at, or able to access, the address held on file, I think it's more likely than not that Mr B was aware of the debt; he just wasn't making all necessary repayments.

Fundamentally, Lloyds has a duty to record accurate information with CRAs. As frustrated by it as Mr B may be, the information recorded by Lloyds here isn't inaccurate from what I've seen – and I don't find it was recorded unfairly. The fact is that Mr B's account was in arrears for quite some time, and repayments weren't made.

As I've said above, I realise this will be disappointing for Mr B. He may wish to consider approaching CRAs directly and asking for a statement to be included on his credit file. That statement could provide an explanation for how the adverse information came to be recorded. Overall, though, I can't determine that Lloyds was wrong to record what it did; it is an accurate reflection of Mr B's account.

Lloyds has paid Mr B £25 compensation for issues he had when trying to raise his complaint. It's unclear exactly what happened here, but I can appreciate that would've been frustrating for him – particularly given how strongly he feels about the matter. So, I was pleased to see Lloyds deal with things relatively quickly once the issue came to light. Overall, I think £25 is fair in the circumstances.

To sum up, for the reasons I've explained, I don't find that Lloyds' actions here were inherently unreasonable or unfair. So, I don't require it to take any action; and it follows that I don't uphold Mr B's complaint.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 27 June 2024.

Simon Louth
Ombudsman