

The complaint

Miss D has complained that Lloyds Bank PLC transferred her debt to a debt collection company without her knowledge.

What happened

Miss D's account with Lloyds had a £400 overdraft limit. She went over the overdraft limit without authorisation from Lloyds.

After Miss D had had an unauthorised overdraft balance for a few months, Lloyds closed the account on 9 October 2024. It says it did this to stop interest from accruing further. The closing balance was £412.48.

Lloyds says before doing that it had sent several letters to Miss D asking her to contact it for assistance. It also sent her text messages but received no response.

On 19 November 2024 Lloyds sold the debt to a debt collection company. After the debt collection company contacted Miss D, she complained to Lloyds. She said she hadn't received any of the letters it sent her.

Lloyds said it had closed her account as she hadn't responded to its several requests for her to contact it regarding her unauthorised overdraft. As the letters had been sent to the address it held for her, it suggested Miss D should check whether there was an issue with her post.

Miss D referred her complaint to this service. Our Investigator didn't uphold it. He didn't think Lloyds had treated her unfairly.

As Miss D disagreed, the matter has been referred to me.

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've seen from Lloyds' records that it wrote to Miss D seven times and sent her ten text messages between February and September 2024, advising her of the status of her account, requesting her to make a payment into the account and/or to contact it for support. I can see that it wrote to her on 30 July and 15 September 2024 giving her 65 and 30 days' notice respectively of its intention to close her account. It also told her that not making a payment might result in a default on her credit file and that it might ask a debt collection company to recover the debt. Lloyds also suggested some organisations that might have been able to provide support to Miss D. These are steps I'd expect a lender to take in these circumstances. I don't think Lloyds could reasonably be expected to have done any more.

It's unfortunate that Miss D didn't receive the letters from Lloyds. However it had no reason to suppose that its letters hadn't reached her. Its records show that they were sent to the

correct address and this was the same address that the debt collection company used for the letter which she did receive. I can't hold Lloyds responsible if the postal service failed to deliver its letters to her.

While I understand how disappointing this is for Miss D, I don't think Lloyds has treated her unfairly in closing her account, adding a default to her credit file and transferring the debt to a debt collection company.

My final decision

For the reasons set out above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss D to accept or reject my decision before 28 July 2025.

Elizabeth Grant
Ombudsman