

The complaint

Mr A is unhappy that Lloyds Bank plc ('Lloyds') defaulted his credit card account when he'd underpaid his payment plan by less than £2. Mr A feels Lloyds should have done more to support him.

Mr A would like his account reinstating and the default removing from his credit file.

What happened

Mr A received a default notice regarding his credit card account and set up a payment plan with Lloyds in October 2024 to avoid a default. Mr A agreed to make eight monthly payments of £284.94 and this was confirmed in writing on 10 October 2024.

In November 2024 and December 2024 Mr A paid £284.00 to Lloyds. Lloyds wrote to Mr A on 15 November 2024, and sent him text messages on 12 and 23 November 2024. Lloyds defaulted Mr A's account on 10 December 2024.

Mr A subsequently complained to Lloyds that they hadn't acted fairly when defaulting his account because he hadn't been adequately contacted about his payment plan failing, and the default was disproportionate given the small shortfall.

Lloyds didn't uphold Mr A's complaint so he referred it to the Financial Ombudsman Service. Our investigator thought Lloyds had acted fairly. Mr A disagreed and sought an ombudsman's 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've taken into account any relevant law and regulations, the regulator's rules, guidance and standards, codes of practice and (where appropriate) what is considered to have been good industry practice at the relevant time.

Having reviewed the submissions and available evidence from both parties I have decided not to uphold Mr A's complaint, for broadly the same reasons as those reached by our investigator.

Mr A says he didn't receive Lloyds' letter dated 15 November 2024, which I'm inclined to accept as he didn't amend his payment for December 2024. However this letter is addressed correctly and sent the same way as the letter dated 10 October 2024, which Mr A had received.

I'm aware Mr A has been waiting for a response from Royal Mail, which he wanted to share with me. I want to reassure Mr A that even if he identified there was an issue with his post, I don't think it was unreasonable for Lloyds to send him written mail through a widely

recognised service. I won't be able to get to the bottom of why Mr A didn't receive the November letter, but I can't fairly hold Lloyds responsible for this.

I know Mr A is disappointed that Lloyds didn't ring him about his underpayment. I'd expect Lloyds to take adequate steps to notify customers when a payment plan has been broken but I wouldn't dictate how this is done. That's because the Financial Ombudsman Service doesn't have the power to make rules for financial businesses, in terms of directing that they should change their policies or procedures. That is the role of the regulator, the Financial Conduct Authority.

Lloyds' process here was to contact Mr A by post and text message. I think it was fair that Lloyds used two different methods of communication to maximise their chances of getting in contact with Mr A.

Mr A said he'd been told to ignore inaccurate contact from Lloyds while the payment plan was in place. But Lloyds' text messages were asking him to contact them, which I don't think can be described as inaccurate or contradictory to the payment plan. Mr A says he doesn't often check his text messages but I can't say this was an unreasonable way for Lloyds to contact Mr A.

Mr A feels he didn't get enough warning of his account defaulting but I think the warning came when Mr A received a default notice requiring immediate action.

Mr A understandably feels the default is disproportionate and unfair, given the tiny amount involved, but I've considered this from a different perspective. I think the trigger for the default was the small underpayment, but the default sum was far higher than this as by the time of the default notice Mr A was in arrears of over £1,000. Unfortunately when the payment plan was broken, the pause on the default notice was lifted and the default process continued due to the arrears on Mr A's account.

In these circumstances I don't think it was unfair for Lloyds to default Mr A's account and to report this to the credit reference agencies. I've concluded that this is therefore not a complaint I can uphold.

I am sorry to disappoint Mr A as I know he's worried about the effect on his financial standing. Mr A can place a notice of correction on his credit file to explain the circumstances of this default if he feels that's helpful for future lenders to know. To do this, Mr A will need to contact each of the three main credit reference agencies – their websites will set out how best to go about adding the notice of correction.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 13 August 2025.

Clare Burgess-Cade
Ombudsman