

## **The complaint**

The estate of the late Mr M1 complains that, after Mr M1 passed away, Lloyds Bank PLC was unable to simply confirm for the estate whether or not it had written off an outstanding debt, dating back many years from the shortfall sale of Mr M1's house.

Mr M2 brings this complaint on behalf of the estate of the late Mr M1.

## **What happened**

Many years ago, Mr M1 had a mortgage with Lloyds. The property was sold at a shortfall, meaning the money from the sale wasn't enough to clear the mortgage. Mr M1 remained liable for this debt.

More recently, Mr M1 became seriously ill, and sadly passed away. Mr M2, the son of Mr M1, has administered the estate of his late father, and it's in this capacity that our service is able to deal with this complaint.

Mr M2 told us that before he died, Mr M1 had asked the debt collection agent appointed by Lloyds to write off this debt, on grounds of his terminal illness. Mr M2 wanted Lloyds to just confirm that it had written off this debt. Mr M2 asked Lloyds to do this not long after Mr M1's death at the end of June. But he said it took until November until Lloyds did confirm that.

Mr M2 told us different staff directly contradicted each other about whether the debt was still payable. He said this meant the administration of the estate was stalled, for almost five months. He was unable to declare a value for the estate, or to pay beneficiaries. Funeral expenses had to be funded from elsewhere, leaving his own household finances stretched.

Mr M2 told us about the support he requires with communications, which greatly amplified the impact of Lloyds' failures to do simple things like call back when promised. Mr M2 set out for us in detail the emotional impact all this had, and how it affected his mental health.

Lloyds initially paid £150 to say sorry for this, but then it increased that payment to £500 in total. Mr M2 said that just didn't reflect the severity of the distress and inconvenience he'd experienced. Mr M2 said that having studied our previous awards, he thought an award of £2,000 to £5,000 would be appropriate here. And he wanted us to make sure no one else had to go through the same thing in future.

Lloyds said it had written out to Mr M1 on 26 June 2025 confirming it would no longer pursue Mr M1 for his debt. It has shown our service this letter. But it said Mr M2 must not have seen this at the time, because he asked for clarification about this debt a number of times.

Lloyds accepted it had provided poor service to Mr M2 when he did that. It has apologised to Mr M2 for the added distress it caused at what was already a terribly difficult time for him. It initially paid £150 to say sorry, but when Mr M2 contacted it to provide detail on the circumstances, and the impact this had, it paid Mr M2 a further £350.

When this case came to our service, Lloyds said it was aware Mr M2 thought it should pay

much more in compensation. But Lloyds said Mr M2 wasn't complaining about his own account. He was acting on behalf of the estate of Mr M1. So Lloyds said Mr M2 couldn't seek redress for his own distress and inconvenience. It didn't think our service was allowed to consider Mr M2's request to increase his compensation on this basis.

Our investigator also didn't think our service was able to increase the award to Mr M2. He said this was a complaint made by the estate, and that did limit what our service was able to do. We can't compensate Mr M2 for any distress he has experienced whilst interacting with Lloyds on behalf of the estate. Our investigator said he wasn't unsympathetic to what Mr M2 had been through, but our investigator said he wasn't able to go outside the relevant rules. He couldn't ask Lloyds to do any more.

Mr M2 didn't agree. He said our view relied on Lloyds' assertion that it had written to Mr M1 on 26 June 2025 confirming that the debt had been written off. And Mr M2 said he hadn't seen this letter at the time, or since. Lloyds didn't write to him to confirm the position between June and November 2025. He hadn't got anything in writing until he complained. Mr M2 said if a letter had been sent in June 2025, then Lloyds should have been able to just tell him that at the start. He also stressed how very poorly Lloyds had dealt with his complaint, with missed call backs and inconsistent handling during the complaint process itself.

Mr M2 said the distinction we were drawing between the estate and him personally had been applied too narrowly, and didn't reflect the reality of his position. He said he was also a Lloyds customer as well as the representative of the estate, and he set out again how Lloyds' failures had impacted him.

Mr M2 said he had referred to case studies published by our service where awards well in excess of £1,000 were made in circumstances involving bereavement, prolonged misinformation about debts, and repeated customer contact. He said no one had told him why those case studies were not comparable to his situation.

Mr M2 wanted this complaint to be considered by an ombudsman, so it was passed to me for a final 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 reached the same overall conclusion on this complaint as our investigator. I can see Mr M2 has had a distressing time, and I appreciate he feels strongly that Lloyds made an already awful time, far far worse. He wants me to recognise that, and make Lloyds pay for it. So I'm sorry to have to tell Mr M2 that our service cannot provide the outcome he wants. I'm afraid that what I have to set out here is going to be a very disappointing decision for him. But I simply have no flexibility on this point.

I know Mr M2 told us he's a customer of Lloyds, as well as representing the estate, and I've taken that point on board. But this complaint isn't about an account belonging to Mr M2. In bringing this complaint, Mr M2 acts for his late father's estate. We could not consider this complaint, about what happened to a debt owed by the late Mr M1, if Mr M2 was not acting in his capacity as agent for the estate.

Mr M2 said our service is making too sharp a distinction between him personally, and the estate. But we are doing that because we must. This complaint is about the difficulties the estate experienced, in finding out whether Mr M1's debt to Lloyds had been written off.

Mr M2 has described the problems he's experienced in dealing with Lloyds, and the contradictory responses he received from the bank about whether this debt remained payable. It appears that Lloyds has accepted Mr M2 has had a difficult and unpleasant experience, at what was already a deeply upsetting time for him.

Mr M2 set out in detail for us, the impact all this had on him personally, on his health and wellbeing, as well as how this delayed payments from the estate. But the difficulty is that this complaint, brought on behalf of the estate, can only offer compensation to the complainant, for losses it has suffered. And the complainant is the estate, not Mr M2 himself.

If this complaint had a direct financial impact on the estate, I could award compensation for that. But Mr M2 hasn't told us about anything the estate had to pay, which it would not otherwise have paid but for Lloyds' delays in resolving whether the mortgage debt had been written off. And I cannot award compensation for the distress and inconvenience incurred by Mr M2 in trying to release the funds from his late father's estate. I'm also unable to compensate the beneficiaries of the estate for any distress caused by the delay in getting this money.

I understand that Mr M2 will find this deeply frustrating. I know he wants me to provide an outcome that reflects the impact on him of what went wrong here, particularly given the communications difficulties he also told our service about. He said no one had explained why his case wasn't the same as other cases where people have been bereaved. The difference may lie in Mr M2's status as a representative of the estate. That's why I have no powers to do what he wants.

This restriction on the payment of compensation isn't a policy or practice established by our service. It comes from the legislation which grants our service powers to make awards. And I can only tell a business to pay compensation where that underlying law allows me to do so. Otherwise, the decision has no effect, and the business simply doesn't have to pay.

Because the restriction on the payment of compensation is in legislation, I don't have the power to change this. No one at our service has. Such a change would have to be made by Parliament. And unless and until that happens, I have no powers to tell Lloyds to pay more than it has done.

I realise just how very bitterly disappointed Mr M2 will be by this response, and I'm sorry our service isn't able to help him.

### **My final decision**

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask the estate of Mr M to accept or reject my decision before 18 May 2026.

Esther Absalom-Gough

**Ombudsman**