

## The complaint

Mr A complains that Lloyds Bank PLC has not treated him fairly in the way it has administered a secured credit facility.

## What happened

In 2007, Mr A took out secured credit facility with Lloyds. It was an interest only mortgage that required interest to be paid every three months. Mr A does not live in the mortgaged property, it is let.

In December 2022 the mortgage fell into arrears. Mr A says that is because Lloyds did not treat him fairly. He complains Lloyds:

- Did not tell him when the interest rate changed or that he was in arrears.
- Did not collect the correct amount by direct debit.
- Did not tell him what the revised payment was and expected him to work it out himself.
- Incorrectly said it did not offer internet banking.
- Gave him seven days' notice that it would repossess the property – even though he'd complained. Lloyds also said he could not bring a complaint to us without its consent.

The investigator did not think the complaint should be upheld. Mr A did not accept what the investigator said and asked for his complaint to be reviewed by an ombudsman.

When I reviewed things I thought that Lloyds had not properly recognised Mr A's vulnerability. It agreed to my suggestion to pay him £300 in view of that. I put that to Mr A, but he did not accept it. He responded to make a number of points, including:

- Lloyds has alleged that it spoke to him and that he had read and received emails – it should be made to provide evidence to support that.
- He has requested that Lloyds arrange a working email channel with him, but Lloyds has not done so.
- Lloyds should take responsibility for the acts and omissions of its receivers. He did not appoint them and they are not acting for him.
- It is wrong that Lloyds does not have a customer complaints department and has failed to establish any protection or guidelines for vulnerable customers.
- He found it strange that Lloyds turned down his offers because of the source of funds.
- All he wants to do is resolve this matter. He asked us to forward a repayment proposal to Lloyds.

## **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.

The fact that the loan was taken out when Mr A lived abroad makes no difference to whether it is regulated or not. Whether the loan is regulated or not depends on a number of factors including when it was taken out, where the property is and who lives in the property. But Mr A does not live in the property – so it would not be regulated even if he lived in the UK.

While the mortgage itself is not regulated, Lloyds is – and it is still required to follow certain rules, such as the FCA's Principles for Businesses. I must take that into account in deciding what is fair and reasonable in the individual circumstances of this complaint.

### Interest rate changes and arrears

Lloyds has provided evidence that it sent letters to Mr A each time the interest rate changed and every quarter. I am satisfied that Lloyds was sending letters to the address it had recorded for Mr A. There is no evidence that supports that Mr A told Lloyds his address had changed. Therefore, I don't consider that Lloyds acted unfairly or unreasonably by writing to Mr A at the address it had recorded. There was a reasonable expectation that he would tell Lloyds if any of his contact details changed.

It is not for Lloyds to show that Mr A has received correspondence from it. There is some responsibility on Mr A to make sure that Lloyds has up to date contact details.

Lloyds has given me evidence that from 2015 its records show that Mr A was living at the address. There is no evidence it received updated address details. It is reasonable for it to use that address when writing to Mr A. It has given us copies of the quarterly statements it sent to that address. Those statements set out the mortgage balance, the interest rate, the next payment amount and the next payment due date. I consider that is enough for Lloyds to show that it told Mr A what he needed to pay.

Lloyds has also given us evidence that it also sent notification when the interest rate changed.

Lloyds said that it also sent reminder emails when the payments were due. It and its solicitors have received emails from Mr A from the email address it holds – and we have evidence that. I note the email address it holds is the same as we have used to correspond with Mr A in this complaint.

Lloyds said there is no regulatory or contractual requirement for it to send those emails. I have asked it for evidence to support they were sent. It said that they are sent by a person, not automatically each time – and the emails are deleted under its data retention policy after 90 days. It has provided copies of any emails that are available.

I appreciate Mr A would like stronger evidence they were sent. But we are an informal dispute resolution service. Where there is a dispute about what happened, I have based my decision on the balance of probabilities – in other words, on what I consider is most likely to have happened in the light of the evidence. And on the evidence I have, it seems more likely than not the emails were sent. And in any event, as I have said, the quarterly statements were sufficient to tell Mr A what he needed to pay.

Mr A knew he had mortgage with a variable rate. If he did not receive information about the rate changes or how much he needed to pay it was always open to him to speak to Lloyds. And ultimately, he has not paid what is due on the mortgage. I am satisfied that Lloyds took reasonable steps to tell Mr A how much he needed to pay based on the information that was available to it. There is no requirement for it to check that the corresponded it sent has been received.

#### Direct debit

There is no evidence to support that the mortgage was ever set up so the payments were collected by direct debit. The evidence we have is that the payments were always made by bank transfer. So it was Mr A's responsibility to make sure the correct amount was paid.

#### Legal action

I am satisfied that in the circumstances and in view of the level of arrears, it was reasonable for Lloyds to start legal action. I am satisfied it took reasonable steps to address the arrears before it took that action.

#### Offers

Lloyds said it was prepared to consider an offer from Mr A but it asked for proof of the source of the funds but he did not provide that. I consider that was a reasonable request.

Lloyds said that once the account was referred to a solicitor and the receiver it was for Mr A to deal with them. It would be helpful if Lloyds could confirm who Mr A needs to contact to discuss a payment arrangement. But it is also open to Mr A to contact Lloyds. Its final response contains an email address and a phone number.

#### Pause

Lloyds has told us that it paused any action between 21 November 2024 and 27 March 2025 while the complaint was being investigated. And that it paused it again when it received notification that the complaint had been referred to us.

The difficulty I have is that there is no obligation for a lender to pause recovery action just because a complaint is with us. So Lloyds has gone further than I could require it to by doing so.

#### Receiver's actions

Although the receiver was appointed by Lloyds they are acting on Mr A's behalf. So Lloyds is not responsible for anything the receivers did or did not do. The receivers are not covered by our jurisdiction, so I am unable to consider a complaint about them.

Technically Mr A does not meet the definition of a "consumer" in respect of this mortgage. The mortgaged property is let with the intention he earns an income from that.

#### Vulnerability

I accept Lloyds did not do enough to recognise Mr A's vulnerability and to tailor its approach. But that would not mean it was not entitled to take the action it did to recover the debt.

As Lloyds did not always follow its own processes in the way it communicated with Mr A it has agreed to my recommendation to pay him £300 for any distress and inconvenience that

caused. I accept that will not compensate him for everything he has been through – but that is largely because I've found that Lloyds is not responsible for the arrears and it was entitled to take the steps it did to recover the debt.

Lloyds has said that it does have policies and procedures in place to recognise and support customers who are experiencing vulnerability – but it did not always follow its procedures in this case.

### **My final decision**

My final decision is that Lloyds Bank Plc should pay Mr A £300.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 31 March 2026.

Ken Rose  
**Ombudsman**