

## **The complaint**

Mr and Mrs M complain that Lloyds Bank PLC obtained a warrant for eviction and they received an eviction notice when possession action should have been on hold, that it wrongly reported missed mortgage payments on their credit files, and that it failed to keep records of what they told it about their circumstances.

## **What happened**

Mr and Mrs M have an interest-only mortgage with Lloyds which came to the end of its term in April 2023. At term end the mortgage had been in arrears for some time. In early 2024 there was a possession hearing and a 28-day possession order was issued.

In July 2024 Lloyds obtained a warrant for eviction. An eviction notice was sent to Mr and Mrs M on 15 July. Mr and Mrs M had made a complaint to Lloyds in 2024, which they referred to the Financial Ombudsman Service. Our Investigator had told them that legal action was on hold, so Mr and Mrs M say the eviction notice came as a shock.

Mr and Mrs M made a complaint about this. They also complained that Lloyds hadn't reported the mortgage payments they had made between November 2024 and April 2025 on their credit files, and it had said Mr M told it in February 2016 that he was unable to work when it has in fact known that since 2005.

Lloyds accepted that it had made a mistake in saying in an earlier letter that it had only known about Mr and Mrs M's financial difficulties and the circumstances which led to those difficulties since 2016. It said it had in fact known about them years earlier. It paid Mr and Mrs M £100 by way of apology for that. But it said it hadn't made any other mistakes.

Mr and Mrs M referred their complaint to us. Our Investigator didn't recommend that it should be upheld, but Mr and Mrs M didn't accept that so the complaint was referred to me to decide. I reached a different conclusion to our Investigator about part of the complaint, so I issued a provisional decision.

## **My provisional decision**

I said:

"I'll deal with each of Mr and Mrs M's complaint points in turn. First of all, I'd expect Lloyds to have been clear – both with Mr and Mrs M and with us – about the steps it was taking to recover the mortgage debt. I don't think its communication about that was clear in this case, and Mr and Mrs M have said that receiving an eviction notice in July 2024 came as a terrible shock because they had been assured that further action was on hold.

Lloyds told our Investigator in a previous complaint which Mr and Mrs M had referred to us that legal action was on hold, and our Investigator passed that information on to Mr and Mrs M. Importantly, however, that was after the warrant for eviction had already been issued and after the notice of eviction had been sent to Mr and Mrs M. The warrant

was issued on 8 July and the notice was sent on 15 July. Lloyds' records show that it put a hold on further action on 12 July, following receipt of a payment proposal from Mr and Mrs M.

In the circumstances I think Lloyds should have told Mr and Mrs M what was happening and the stage it had reached in the repossession process – particularly if the notice of eviction was already in train when it decided to suspend further action temporarily on 12 July. Mr and Mrs M would then have known what to expect and the notice wouldn't have come as such a shock. I consider that they should fairly receive some compensation for this. I think the impact was short term given that it could be confirmed quickly that repossession had in fact been suspended and, in all the circumstances, I assess a fair award at £250.

Secondly, Mr and Mrs M have complained about what Lloyds has reported on their credit files about the operation of their mortgage between November 2024 and April 2025. I'm satisfied that Lloyds' records show the payments they made in that period have been credited to their mortgage. Lloyds continued to report to credit reference agencies that the mortgage was in serious ongoing arrears for that period. That however was correct – while Mr and Mrs M had resumed making payments their mortgage continued to be in arrears. I don't therefore require Lloyds to make any changes to Mr and Mrs M's credit files.

Finally, Lloyds has accepted that it had made a mistake in saying that it had only known about Mr and Mrs M's financial difficulties and the circumstances which led to them since 2016. It had in fact known about their situation years earlier. It has paid Mr and Mrs M £100 compensation for the upset that caused. I think that was reasonable, so I don't require it to take any further steps to resolve this part of the complaint."

Lloyds accepted my provisional decision. Mr and Mrs M did not accept it. They still thought Lloyds had treated them unfairly, their credit files are wrong, and they said that £250 isn't enough compensation.

### **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 thought carefully about Mr and Mrs M's further submissions. Having done so however, I've come to the same conclusion I set out in my provisional decision.

The complaint I've considered here isn't about how Lloyds or the solicitors acting on its behalf treated Mr and Mrs M in wrongly telling them they could arrange a payment plan, so I can make no findings about that. As our Investigator explained, that complaint was dealt with and a final decision about it was issued by another Ombudsman in October 2024. It's not therefore appropriate for me to reconsider it now. I also haven't considered a complaint about anything Mr and Mrs M didn't ask us to consider when they referred this complaint to us – that includes any legal fees added to the mortgage and the lack of support they say they received from Lloyds in the past. These matters aren't part of the complaint Mr and Mrs M brought to us.

Between November 2017 and October 2023 no payments were received to Mr and Mrs M's mortgage. When Mr and Mrs M resumed making payments the mortgage was therefore in a significant amount of arrears – and that's what Lloyds reported to credit reference agencies. Mr and Mrs M didn't clear the arrears when they started making payments again, and Lloyds'

records satisfy me that it reported the mortgage as in serious ongoing arrears, with the balance reducing when Mr and Mrs M made payments. That was correct.

While Mr and Mrs M made some payments at the level of the contractual monthly payment, that wasn't part of an agreement Lloyds had made with them given that the term had ended and given the level of the arrears – which was more than £50,000 in late 2024. I can't reasonably conclude that Lloyds should have reported on their credit files that an agreed payment arrangement was in place when that was not the case. It reported serious ongoing arrears and a reducing balance following receipt of each payment. That will be shown differently by different credit reference agencies, and some agencies may describe a payment as "missed" when a payment has been made where there are ongoing arrears and no payment arrangement in place. I don't require Lloyds to make any changes to Mr and Mrs M's credit files.

I remain of the view that £250 is a fair award to reflect the upset and uncertainty Mr and Mrs M were caused because of Lloyds' poor communication about the debt recovery action it was taking in July 2024. I consider the impact was short term given that by the time Mr and Mrs M received the eviction notice Lloyds had already agreed to suspend further action. I've noted what Mr and Mrs M have said about having had to apply to the court to have the warrant stayed, but I don't find that this was because of Lloyds' poor communication. They would always have needed to make that application, because the warrant had already been issued by the time Lloyds agreed to put things on hold.

For these reasons, while I realise Mr and Mrs M will be disappointed, I confirm my provisional decision.

### **My final decision**

My final decision is that Lloyds Bank PLC should pay Mr and Mrs M £250, on top of the compensation it has already paid.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M and Mrs M to accept or reject my decision before 30 April 2026.

Janet Millington  
**Ombudsman**