

complaint

Mr H complains that Lloyds Bank plc failed to contact him about arrangements for his loan once it separated from TSB, wrongly changed his monthly payment date, wrongly charged him a default fee and wrongly pursued him for payment though he was not in arrears.

background

Mr H took a loan with the bank in 2005. In 2015 another ombudsman from this service gave a decision on a complaint about how the bank had dealt with repayments, and in particular the issue about the payment date. Mr H did not accept that decision.

Our adjudicator did not recommend that the current complaint was upheld. He said that although Mr H was disappointed by the previous decision, our involvement with that matter had ended. When Lloyds TSB split, Mr H's loan was not affected, so he thought it reasonable that Mr H had not been contacted about the split. He thought Lloyds had acted fairly by contacting Mr H to discuss the account and that he could not say that the fee had been wrongly charged. He suggested, as a practical solution, that Mr H should contact Lloyds to ask it to change his payment date.

Mr H disagreed strongly and asked for the complaint to be reviewed. He said he had not changed the standing order date for the loan: it was always the first of the month and he could not understand why the bank said he had changed it. He was not in arrears and had always paid on time. He sent various letters from Lloyds about his account being in arrears, including one saying he could not change the payment date because the account was in arrears. Later he sent a copy of a loan agreement saying it proved the payment date.

my finding

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I agree with the adjudicator that it is not appropriate for us to re-consider the specific issues covered in previous complaint. I also agree with what the adjudicator said about the split with TSB.

The loan agreement Mr H sent dated from 2002. The loan in this case was a refinance loan (perhaps of that previous loan) in 2005. It had a different agreement with a different payment date.

The 2005 agreement says that the first repayment date is one month after the account is opened, and later payments are due on the same date each month. Lloyds' signature on the loan is on 15 February and Mr H's is on 18 February. So payments were due in the middle of the month.

I have looked carefully at the records of Mr H's loan repayments to check whether he actually is in arrears on the 2005 loan. What those show is that:

- at the very start of the relevant loan, in 2005, Mr H was paying by direct debit around the 15th of the month and interest was being added on 14th;
- but the direct debit seems to have ended quite quickly and until about the end of 2008 he paid at varying times in the month;

- from October 2008 the interest started being added on 18th rather than 14th, and Lloyds say that that indicates that the payment date was changed to 18th at that point (if so I cannot see that that disadvantaged Mr H, as effectively it gave him slightly longer to pay);
- then since December 2008 Mr H has paid regularly in the first few days of the month.

Unless Mr H had arranged to change the payment date to the start of the month (and I have seen no evidence that he did) paying at the start of the month could mean either that he was always paying about a couple of weeks early, or about a couple of weeks late. Which it was would depend on the exact pattern of payments up to the point when he started paying at the start of the month.

Having gone back through the payment records, I think that Mr H has been paying at the start of one month the payment which was due in the middle of the previous month. So I think that in fact Mr H has been paying his loan about a couple of weeks late ever since December 2008. I can understand why, when it seems Lloyds had not questioned this previously, it would have come as a shock to Mr H when Lloyds started saying the account was in arrears and charged him a fee. But I have to say that I think the account actually was slightly in arrears, and under the terms of the loan Lloyds was entitled to contact Mr H about that and to charge a fee.

The previous complaint dealt with how the change in practice was handled (and he was offered compensation for that) so I will not say more about that.

I am sorry that, despite what the previous decision said about that, Mr H has been unable to change his payment date. However the terms of the loan say that the option to change the payment date cannot be taken if various events (such as payments being late) occur. It is a pity that Lloyds did not mention those conditions when it said he had the option to change the payment date during the course of Mr H's previous complaint. It has now said it will consider the request to change the payment date only if Mr H brings the account up to date: I think it is entitled to do that under the terms of the loan. Assuming he has continued to make his usual regular monthly payments, it should not require a large additional payment to get the account up to date. Given the terms of the loan (and the previous offer of compensation) I think what Lloyds has said about changing the date is fair and reasonable.

I also think the £50 Lloyds paid Mr H as compensation for some problems when he called Lloyds about matters is fair and reasonable.

So while I can understand Mr H's broader concerns about the situation covered in the previous complaint, I do not think I have grounds to uphold this particular complaint.

my final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 18 January 2016.

Hilary Bainbridge
ombudsman