

## **complaint**

Mr C complains that Lloyds Bank plc sent him a letter in August 2013 to tell him he owed it money. This was not correct as Mr C had been the victim of identity fraud, which Lloyds had known about for some time. Mr C was unhappy to receive the bank's letter as it had previously assured him that it had corrected its records. The complaint is brought on Mr C's behalf by a family member, Mrs C.

## **background**

Mr C was the victim of identity fraud in 2010. Lloyds had incorrectly applied adverse information on Mr C's credit file about debts which were not owed by him. It had also assured him that the issue had been resolved and had paid him compensation for his inconvenience as a result of its error. But, in August 2013 it wrote to him to tell him that he owed it almost £300 and that the debt had been sold to a third party. The debt was not owed by Mr C, but again had arisen as a result of identity fraud. Mr C is seeking compensation for distress and inconvenience, and the bank's proposals as to how it will stop associating him with debts that do not belong to him.

The adjudicator noted that Lloyds had sold the debt in July 2013, and that it had informed the debt purchaser not to contact Mr C. But Lloyds had provided its headed notepaper to the debt purchaser to notify debtors of the debt sale, and the purchaser had then written to Mr C about the debt.

The adjudicator concluded that Lloyds bore some responsibility for the error as the letter was on its headed notepaper, and caused Mr C to believe that it came from the bank. He said that Lloyds' offer to pay Mr C £100 compensation for the distress the letter had caused him was fair and reasonable. He also explained that Lloyds had informed the debt purchaser to remove Mr C's details from its systems. It also told the purchaser that the details it held for Mr C were incorrect. He also noted that Lloyds had confirmed that Mr C's credit file would not be affected due to this issue. He also said that Lloyds had suggested that Mr C file a "Notice of Disassociation" with the three credit reference agencies – Experian, Equifax and Call Credit – to prevent any companies from completing a similar trace and link in the future.

Mr C disagreed and responded to say, in summary, that £100 compensation was not enough, and demonstrates that Lloyds had not taken the situation seriously. He explained that it was less than previously paid although his frustration and costs were increasing. He also said that he had written to the credit reference agencies in the past, but doing so now would incur extra costs as his free trials has been utilised.

## **my findings**

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

I do not doubt that Mr C feels very strongly about this matter, but in making an assessment of compensation, I must consider what is fair and reasonable in the circumstances. Mr C said that Lloyds did not take the situation seriously and he believes that the amount of compensation paid should reflect this. But we do not supervise, regulate or discipline the businesses we cover and we have no authority to impose punitive damages.

Mr C does not consider £100 compensation to be enough, especially as it was less than he had received in the past. I consider that £100 is appropriate in this instance. It is offered in relation to the letter being sent on Lloyds' headed notepaper, but I can see that Lloyds was not wholly responsible for its being sent to Mr C. The third party debt purchaser shared some responsibility also.

But I can also see that Mr C will be put to additional inconvenience by again having to send a notice of disassociation to each of the three credit reference agencies. So, I consider that an additional £75 should be paid by Lloyds to Mr C to compensate him for his time and trouble in doing so.

**my final decision**

My decision is that I uphold this complaint in part. In full and final settlement of it, I order Lloyds Bank plc to pay to Mr C £175 compensation.

Roslyn Rawson  
**ombudsman**