

summary of complaint

Mr A complains about a default registered on his credit file by Lloyds TSB Bank Plc ("Lloyds TSB"). He wants Lloyds TSB to remove it.

He says Lloyds TSB did not have the right to increase the interest rate it applied to his account and in any event the interest charged was excessive.

Mr A contends that the bank agreed to re-age his account and then did not do so. Despite the repeated attempts he made to get it to do this.

our initial conclusions

Our adjudicator did not recommend that the complaint should be upheld. He was satisfied that the bank had correctly registered the default and that it was entitled to change interest rates in line with the terms and conditions of the account. He accepted that there was an unreasonable delay in the bank telling Mr A about the re-aging of his account. But he concluded that its offer of £200 compensation in total was fair.

Mr A did not agree with the adjudicator's conclusion. He said that the bank should not have registered the default and it could not enforce the changes in the interest rates on existing balances.

Mr A asked for an ombudsman to review his complaint.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. Where necessary and/or appropriate, I reach my decision on the balance of probabilities - in other words, what I consider is most likely to have happened in the light of the evidence that is available and the wider surrounding circumstances.

Based on the information I have seen, I realise this will disappoint Mr A but I can see no basis to require the bank to do anymore than what it has already done. I set out my reasons for saying this below.

registration of default

Mr A says that Lloyds TSB made a mistake when it registered the default on his account. There is no dispute that there were arrears on Mr A's account at the relevant time. Mr A has told us that he stopped making payments to get the bank's attention as he did not consider it had been treating him properly. But whilst I recognise that Mr A was most likely exasperated by the bank's behaviour. I conclude that he ought reasonably to have continued with the payments.

The bank's records indicate that it did send Mr A the appropriate notice of its intention to register a default unless he made the necessary payments. I have not seen information to demonstrate that he was unaware of the bank's intentions or that he did make the required payments within the deadline the bank gave him.

Financial businesses have an obligation to register accurate information about how a customer has conducted his account. In the circumstances, I consider that I have no proper basis to require Lloyds TSB to remove the default registration.

interest rate changes

From January 2008, the bank's records show that Mr A's account had been attracting interest rate of 2.21% on purchases and cash transactions. He says that the bank could not enforce increases in the interest rates but I think he is referring to the OFT guidance issued in 2009. These requirements do not apply to changes the bank made before 2009. Any changes to the interest rates prior to 2009 would have needed to have been in line with the relevant terms and conditions. This appears to be the case here.

In any event it appears from the bank's records that no changes were made after 2009 so, I am satisfied that the rule changes set out in the OFT guidance do not apply in this case. Further, the bank's records show it has already refunded over £2,600 in interest charges to his account.

Mr A also objects to the amount of interest charged which he considers "excessive" but as the interest charged appears to be in line with the terms and conditions. And as Mr A would have accepted these terms and conditions in opening the account. I have no proper basis for saying that Lloyds TSB make a mistake in applying the interest that it did.

For these reasons I do not consider that there are reasonable grounds to award any further redress in this respect.

account re-aging

Mr A says that the bank agreed to re-age the account in 2009. The bank's internal notes suggest that he complained to the bank in October and November but the bank had no record of an agreement being made. Whilst the bank had made the necessary adjustment in December 2009, I cannot see that it told Mr A about this decision. Given that the exercise was meant to remove the past arrears from the account, I do not consider that it was intended to deal with all future arrears that Mr A accrued during 2010.

Mr A believes that his account balance at the time he discussed re-aging the account was around £4,800. However, as far as I can see, the re-aging only dealt with the arrears on the account – i.e. it did not mean that no interest would be charged on the debt.

I also note that the bank added default charges to Mr A's account in 2009 and 2010. But I am satisfied that it was entitled to do so when the minimum payments had not been made in a timely manner

distress and inconvenience

The bank has already accepted that it failed to inform Mr A that it had re-aged the account in December 2009. It offered to pay him a further £150 compensation for the distress and inconvenience caused. The bank's records show it has already refunded £50 to Mr A.

I consider the bank's offer to be fair. Given that the bank has acknowledged its mistake and did re-age the account.

I recognise that Mr A is unlikely to consider that this sum is enough. Given that he appears to have very strong feelings about the behaviour of the bank and its motivations. But I am satisfied that the compensation is fair for the reasons set out above and taking into account the modest levels of awards that this service makes for distress and inconvenience.

my final decision

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

Joyce Gordon
ombudsman