

## **complaint**

Mr J complains that Lloyds Bank PLC (previously Lloyds TSB Bank Plc) was slow to respond to his approach for a repayment arrangement on his overdraft debt and then made administrative errors in setting up the agreed arrangements. Mr J says that this caused him and his wife upset, inconvenience and embarrassment.

## **background**

Mr J had an overdraft debt on his current account. He wanted help from Lloyds to switch to a cheaper account and agree an affordable repayment plan and wrote to it in October 2012. As he had received no response, Mr J wrote again to Lloyds in December 2012. Lloyds suggested a telephone conversation to discuss options, and credited Mr J's account with £125 to cover the account fees for the relevant period and in acknowledgement of the delay.

In January 2013 Lloyds removed the overdraft facility from Mr J's account, which enabled it to stop any further interest or charges being applied in respect of the debt. It also agreed to refund a further £80 of overdraft fees and a £15 service charge.

Lloyds and Mr J agreed that the debt should be repaid by monthly instalments of £40. The debt would have to pass to Lloyds' collections department and there would be a default registered with credit reference agencies.

Mr J was then upset to receive various communications, including a formal demand for the debt. The repayment arrangement was subsequently confirmed in writing, and a paying-in book was sent to Mr J.

There were delays on Lloyds' part in getting the arrangement properly set up, and Mr J was incorrectly told that he would continue to receive statements for his account. This delay also meant that Mr J's wife was turned away at the branch when she attempted to make a monthly payment on his behalf under the arrangement, which she and Mr J found embarrassing.

Lloyds accepted that it could have done more during the telephone discussions to clearly explain the effect of the referral of the account to its collections department, including the letters that this would generate, though it felt that its subsequent written confirmation of the arrangement had set this out clearly. In acknowledgement of its shortcomings, Lloyds sent Mr J a cheque for £75.

Mr J did not consider that the amounts paid by Lloyds were enough to resolve the complaint, and came to this service. An adjudicator investigated the complaint. Whilst she appreciated that Mr J had been caused a degree of upset, she considered that the steps Lloyds had taken and the amounts it had already paid were, overall, fair. Because of that, she did not recommend that Mr J's complaint should succeed.

Mr J did not agree with the adjudicator's conclusions on his complaint. He said, in summary:

- The only reason Lloyds came up with a repayment plan offer was because he had approached it to ask for one; it did not take any initiative in the matter, and nothing would have happened if he had not made the effort and kept going.

- The overdrawn balance had been allowed to accrue over many years, and neither he nor the bank manager had any problem with it at the time. On reflection, that was irresponsible of Lloyds.
- The refunds paid by Lloyds were, again, only because he pursued things and hardly made a dent in the overdraft debt.
- Although the adjudicator says that Lloyds' approach was fair overall, she is not specific about whether, for instance, there were some things that she thought were unfair.
- He found some of Lloyds' correspondence disturbing. He was not properly prepared, during the telephone conversations, for the fact that the arrangement would mean he would get some formal debt-related letters – and that the debt would be referred to collections. He feels he was misled.
- This is about more than money – he and his wife have been greatly distressed and disappointed and Lloyds has tried to fob him off with £75. Lloyds accepts there was poor service, and yet still his complaint was not upheld.

## **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 take Mr J's point that he feels Lloyds should have been more proactive in terms of helping him sort out repayment arrangements for his overdraft debt. It cannot have been helpful to have to chase Lloyds to get some dialogue underway.

In order to prevent any further charges or interest accruing on the debt, Lloyds' internal process required it to issue a formal default and pass the debt to collections. That should have been made entirely clear during Lloyds' discussions with Mr J, rather than just in its letter confirming the arrangement.

That way, Mr J could have been spared an unpleasant surprise when he received the relevant letters, though it did not make any difference to his overall position.

There were early glitches in setting the arrangement up, which will have been frustrating for Mr J and meant that a payment was initially turned away. But Lloyds has apologised for these shortcomings and has made various payments to Mr J. Mr J points out that these payments are not large in the context of the debt, but they were not intended to compensate Mr J for having a debt – they were to address the various issues in the setting up of the repayment plan.

I am required to assess what is fair and reasonable in all the circumstances, and my awards are not designed to fine or punish banks. Like the adjudicator, I consider that the repayment plan agreed by Lloyds and the amounts it has already refunded or paid to Mr J represent a fair overall resolution of this complaint.

**my final decision**

Because I consider that Lloyds has already done enough to resolve the dispute fairly, my decision must be that I do not uphold this complaint.

Jane Hingston  
**ombudsman**