

## **complaint**

Mr A is unhappy that Lloyds Bank PLC passed a debt to an agency without warning him.

## **background**

Mr A took out a loan with Lloyds in 2016. He lost his job the following year and struggled to make the monthly repayments. Mr A said he spoke to Lloyds and it agreed to put the account on hold. So he was surprised to receive a letter from a debt agency and felt embarrassed by the situation. Mr A is unhappy with the service he's received. He wants the arrears removing from his account. And he wants compensation for the distress.

Lloyds said Mr A had been unable to maintain the monthly loan repayments. So it'd agreed a repayment plan of £10 per month. But Mr A hadn't been able to keep up with the plan. So the debt had been passed to an agent. Lloyds said it'd explained the process to Mr A during calls in May and June 2017. And it'd sent a notice of default letter in April and a formal demand for settlement in July. So it'd followed the correct procedures.

Our investigator listened to the call between Mr A and the bank. It became quite heated. She understood Mr A's frustration about how things ended, but she felt the staff member had acted reasonably in the circumstances. She could see Mr A had tried to make some payments towards his loan. But it was standard procedure for banks to default a debt when it fell into arrears. And Lloyds had tried to make it clear to Mr A what the consequences might be if he didn't make his payments. So she didn't think Lloyds had done anything wrong. Mr A didn't think Lloyds had provided all of the information. And it hadn't told him it would send his loan to a collection agency. So he's asked for an ombudsman's final decision.

## **my findings**

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

Mr A complains about the service he's received from Lloyds in relation to a loan. He thinks he was misled by the bank. So I've looked carefully at everything Mr A, and the bank, has said. I've listened to calls between Mr A and Lloyds and to our service. And I can see Mr A is unhappy about a number of different things. So I've carefully considered all of his points. But in this decision I've concentrated on the issues that are relevant to the outcome.

Mr A took out a loan from Lloyds in June 2016. And although there were problems, he was able to make the monthly payments until the February payment failed. Lloyds wrote to Mr A during March because it couldn't collect the payment. And the letter said the loan would be transferred to a collection department if Mr A couldn't continue to make payments.

Lloyds wrote again to Mr A on 30 March 2017 to issue a default notice. Mr A hadn't made any payments. He contacted the bank and it agreed to set up a repayment plan and stop adding interest. But Mr A's next payment failed. Lloyds agreed to freeze the account for a month but it didn't receive any further payments. So the bank wrote to Mr A at the beginning of August and the account went into default.

Mr A says the bank didn't make it clear to him what would happen. He thought Lloyds would put the account on hold. So he was surprised and embarrassed when a debt collection agency contacted him about the debt.

Once Lloyds became aware of Mr A's financial difficulties, I'd expect it to be positive and sympathetic towards him. I realise this must have been a very difficult period for Mr A. He'd lost his job and was struggling to make the repayments on the loan.

Lloyds responded by agreeing a reduced repayment plan. And it stopped adding interest to the loan so it wouldn't get any bigger. The bank wrote a number of times to Mr A explaining he must keep up with his payments or the loan would go into default. I can see there were a number of telephone calls and letters between Lloyds and Mr A during May, June, July and August 2017 when the situation was discussed. And Lloyds wrote to Mr A on 21 April 2017 saying it would default the account if he wasn't able to repay the balance.

I realise Mr A is sure he didn't receive the letters. But I've not seen anything to suggest the letters weren't sent. So I can't really say Mr A wouldn't have been aware what would happen if he wasn't able to keep up with his repayments. The terms of the loan also state what might happen if payments were missed.

Once Mr A's loan fell into arrears the bank followed its normal procedure and placed the account into default. I know Mr A was unhappy to receive a letter from a debt agency. But it's not unusual for banks to pass on outstanding debts to collection agencies. And I can see it's now brought the debt back 'in house' in response to Mr A's concerns.

I realise Mr A is also unhappy about some of the conversations with the bank. And I can appreciate how stressful and difficult it was for him. But if calls become heated I don't think it's unfair for one of the parties to end the call. It doesn't help either person to continue a conversation if it becomes angry or unhelpful.

I can appreciate Mr A feels there were some inaccuracies in what's been said. But Lloyds has followed its normal procedures when an account goes into default. And it has a responsibility to report how customers manage their accounts to credit agencies. So I can't really say Lloyds has done anything wrong.

While this isn't the result Mr A wanted, I hope this shows I've fully investigated his complaint and the reasons behind my decision.

### **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 A to accept or reject my decision before 29 January 2018.

Andrew Mason  
**ombudsman**