

complaint

Mrs W complains about overdrafts and loans provided by Lloyds Bank PLC and the way it has gone about recovering money owed.

background

Mrs W and her husband were involved in a business which started to get into difficulties in 2005. They had a number of joint accounts and accounts in their business' name too. In addition they owned joint property which was used as security for the money they borrowed – one property was the business' premises and another was their home.

Mrs W and her husband began to complain about lending decisions Lloyds Bank had made after they got into difficulties. They questioned whether decisions about restructuring their borrowing had been appropriate, they questioned the affordability of their borrowing and they questioned insurance Lloyds Bank had sold to them. During this time, Mrs W and her husband made a number of proposals as to how they money they owed could be repaid in a way that both parties could start again. Mrs W and her husband say none of their proposals were accepted. Ultimately both properties were sold in order to repay part of the debt owed and Mrs W's husband went bankrupt. More than eight months after their home was sold, Mrs W says Lloyds Bank contacted her asking her to pay the balance of what was owed. Mrs W complained saying that this was unfair as she believed the debt had been settled. Ultimately Mrs W and her husband complained to us but our adjudicator did not recommend the complaint be upheld. She, therefore, asked for an ombudsman to review their 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.

what issues am I not looking at?

Mrs W and her husband complained to Lloyds Bank about the way it had gone about restructuring their business' debt, about the affordability of the debt and about insurance it mis-sold. They did so during 2009 and 2010. They say they wrote to us in April 2010 about these issues but that their letter of complaint was lost. I accept that Lloyds Bank expected Mrs W and her husband to complain, but like our adjudicator I can find no evidence that we received a letter of complaint from them. I can, however, see that Lloyds Bank issued a final response about the restructuring of the business' debt, about its affordability and about insurance Mrs W and her husband say was mis-sold. It did so on 30 December 2010. Mrs W and her husband did not complain to us within six months of that letter. In the circumstances, given that Lloyds Bank then objected to us looking at that complaint, I agree with our adjudicator that we cannot look at the issues Mrs W and her husband complained about back then.

Mrs W and her husband are unhappy with Lloyds Bank's letter dated 30 December 2010 saying that it did not deal with their complaint adequately. I can understand why they say this. They say that this means we should be able to look at the issues Lloyds Bank did not deal with adequately. Again I can understand why they say this. That, however, is not the way we work. Had Mrs W and her husband complained to us within six months of Lloyds Bank's response, we would have been able to look at all of the issues that Mrs W and her husband had complained about. As they did not complain to us within six months of Lloyds

Bank's response, we cannot look into those issues even if Mrs W and her husband feel Lloyds Bank did not deal with them adequately.

what issues am I looking at?

In addition to complaining about the way the business' debt was restructured, about the affordability of the debt and about insurance Lloyds Bank mis-sold, Mrs W and her husband have complained about the way Lloyds Bank has gone about recovering the debts they owe. I am looking at this.

I can see that the business' debts were secured by jointly owned properties. I can also see that both properties have been sold and that Lloyds Bank has received part of the proceeds of sale from these properties given that it had limited guarantees in place in relation to them. In addition I can see that Mrs W's husband has gone through bankruptcy. In the circumstances, I can understand why Mrs W feels it is unfair that Lloyds Bank is still demanding she repays more. I can also understand why the fact that Lloyds Bank did not contact her for over eight months after the residential property was sold has made matters worse. I cannot, however, say that Lloyds Bank should not be allowed to take further recovery action as, like our adjudicator, I consider this is a commercial decision for Lloyds Bank.

my final decision

My final decision is that I am not upholding this complaint.

Nicolas Atkinson
ombudsman