

complaint

Mr A complains that Lloyds Bank plc wrongly held him liable for a loan taken out in his name by his former partner.

background

Mr A held a joint Lloyds current account with his partner, Ms B. Following an online loan application, Lloyds granted a loan in Mr A's name and the proceeds of the loan were paid into the joint current account.

From there, the loan money was apparently used to repay various debts, including a credit card in Mr A's name. Mr A says that the online loan application was made in his name by Ms B without his knowledge or agreement. The loan repayments were not kept up, and Mr A says the first he knew of the loan was when he became aware it was in default. Mr A and Ms B have parted. The debt was subsequently crystallised by Lloyds, and then sold to a third party debt buying company.

Mr A says that most of the loan went towards repaying Ms B's debts, which he had not known about, and points to the fact that Lloyds cannot produce a copy agreement with his signature for the loan. He does not consider that Lloyds was entitled to hold him liable for the debt, or that it should have sold it on.

Lloyds says it made the loan in good faith when it was applied for using Mr A's online banking facility and security details. It did not consider that it had been unfair to Mr A and so the matter remained unresolved. Mr A brought his complaint to this service, where an adjudicator investigated it.

From the evidence, the adjudicator did not consider that Lloyds should bear responsibility for the loan debt. That was because Mr A had left financial matters to Ms B and it seemed that the debts repaid by the loan were likely to have been for family expenditure. Because of that, the adjudicator did not recommend that the complaint should be upheld.

Mr A did not agree with the adjudicator's conclusions and asked for the complaint to be reviewed. He also said he may be willing to pay a reduced settlement of the debt, if Lloyds bought it back from the third party company.

my findings

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

Mr A and Ms B were together for many years. Mr A has explained that he was away a lot with his work and essentially allowed Ms B to handle all the family's financial affairs. Mr A's salary was paid into the joint Lloyds account, and Mr A left it to Ms B to check bank statements. He was happy for Ms B to use the joint account as she saw fit.

Mr A says that he did not notice the £14,000 for the loan going into the joint account as he did not look at statements, and rarely uses cash machines or visits the bank. As the money was used within a short space of time, he did not realise what had happened and he also did not notice the monthly repayments that began to be made from the account after that.

There seems also to have been a large withdrawal. Mr A believes this was to buy a car for Ms B's use, which he knew about but does not seem to have asked about the source of the money used to buy it. That seems consistent with Mr A's explanation that he had left all the finances to Ms B.

Mr A says he did not set up the online banking facility in his name, which was later used to apply for the loan. He believes that, as Ms B was in possession of all his personal details and knew all about his finances, it was possible for her to set up the facility in his name without his knowing what she had done. The letters that were sent out to Mr A with the necessary information to enable him to activate the facility would, it seems, have been received by Ms B as Mr A normally left before the post arrived and was happy for Ms B to deal with letters.

To begin with, the loan repayments were made regularly from the joint account. That continued for six months or so, but then a payment was returned for lack of funds and the account went into default after that.

The payments made and later repaid by the loan seem not inconsistent with family spending, and I find it difficult to conclude that Mr A did not benefit from the money – in the sense that it went broadly to cover expenditure used to operate the household over time.

I have no reason to doubt Mr A's word that he did not personally apply for the loan, and did not appreciate that it had been granted until later. But – because of the overall circumstances of this particular case – I do not consider that means Lloyds is responsible for the debt.

Mr A had, for all practical purposes, entirely delegated the management of his finances (and those of the household) to Ms B. He did not look at his bank account statements and left Ms B to deal with them, and with his post. But Lloyds did not know about any of that. I appreciate that Mr A did this because he trusted Ms B but, if she later betrayed that trust as he says, I find that Lloyds should not reasonably be held liable for the loan that was taken.

Mr A has also experienced other upsetting family troubles, and he explains that he has been badly affected mentally and physically by all these things. I have considerable sympathy for his situation, but consider that I cannot – fairly – find that Lloyds must take responsibility for the loan debt. As the adjudicator has explained, Mr A may make repayment proposals to the company that bought the debt, should he wish to do so.

my final decision

Given my findings, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr A to accept or reject my decision before 13 April 2015.

Jane Hingston
ombudsman