

complaint

The estate of Mr T is unhappy that Lloyds Bank PLC used money in his bank account to pay a credit card debt. The estate wants Lloyds to repay this money along with interest. This complaint is brought on behalf of the estate by its representative, who I'll call Mr T1.

background

Mr T sadly passed away some years ago. Mr T1 told us that Mr T didn't leave a will or any money apart from what was in his account with Lloyds. Shortly after he passed away, the bank released a large chunk of the money from his account to his estate. This was to pay for the funeral expenses.

Mr T also had a credit card account with Lloyds. At the time of his passing, this had an outstanding balance. Nearly 18 months later, this account hadn't been settled. So Lloyds used most of the money left in Mr T's bank account to pay off the outstanding credit card debt. This left a remaining balance of just under £300 in the bank account.

Mr T1 complained about this some years later. Lloyds didn't uphold the complaint. Briefly, it said where a deceased customer has various products with the bank, any outstanding debts are paid off with any available funds. It gave Mr T1 details of how the remaining bank account funds could be released.

Mr T1 wasn't happy with this and brought his complaint to us. One of our adjudicators looked into this. In short, he didn't think Lloyds had done anything wrong. Mr T1 didn't accept this. So this complaint has been passed to me for a 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. Having done so, I've decided not to uphold it. I'll explain why.

First, I want to point out that in general terms, we can't usually look at complaints about events that are more than six years old, unless the complainant only found out about the issue within the past three years. The adjudicator thought that was the case here, so Lloyds gave its consent for us to look at the complaint.

It's important that I make it clear that it is the estate of Mr T who is Lloyds' customer here, not Mr T1. It is the estate that is eligible to complain. Mr T1 represents the estate. He's not eligible to complain in his own right about Mr T's accounts. He's complaining on behalf of the estate.

This in turn also means that I can only look at how the estate of Mr T has been affected by the actions of the bank, not Mr T1 personally. Similarly, I can only look at financial losses, if there are any, which were experienced by the estate, not Mr T1 – he's not the account holder in question here.

I've looked at the terms and conditions for Mr T's bank account. I can see these clearly set out that where a debt is overdue for payment, as Mr T's credit card account was, the bank can use any money in any of his accounts, such as his bank account, to settle the outstanding debt. That's what the bank did here.

I would point out that, due to Mr T having passed away some years ago, Lloyds no longer has copies of any letters it sent to the representatives of his estate at that time. But it's clear to me that the bank was in touch with a representative. I say this because I can see Lloyds released a large chunk of money from the bank account to pay Mr T's funeral expenses.

It's not clear to me why any representative of the estate didn't deal with the remaining balance in the bank account, or the credit card debt, in the months following Mr T's passing. Mr T1 told us he had to spend his own money paying off Mr T's priority debts.

I'm not sure why Mr T1 needed to do this. If these were Mr T's debts, Mr T1 wasn't liable for them - the estate of Mr T was. Mr T1 hasn't given us any details of what these priority debts were, or how much they were for.

There's nothing in the available evidence to show Lloyds knew, or should reasonably have known, about any priority debts that Mr T might have had. So, when his credit card account still had an outstanding balance nearly 18 months after his passing, I'm satisfied it was fair and reasonable for Lloyds to use the money in his bank account to settle this debt, as set out in the account terms and conditions.

Finally, I can see the bank has told Mr T1 what he needs to do to get the remaining money in Mr T's bank account released. Again, I think this is fair and reasonable.

In summary, given the circumstances outlined above, there's no basis for me to tell Lloyds to refund anything to the estate of Mr T in relation to the money used to clear the credit card debt.

my final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask the estate of Mr T to accept or reject my decision before 19 April 2020.

John Miles
ombudsman