

complaint

Mrs F complains that Lloyds Bank Plc (previously Lloyds TSB Bank Plc) misinformed her when she contacted it regarding an outstanding debt. Mrs F's partner had been declared bankrupt so she became liable to repay the full outstanding balance of their joint current account. Mrs F says that Lloyds Bank told her to wait until the account closed before starting to pay the debt. Mrs F says she was not told by the bank that if she did not clear the debt, it would go on to her credit file. She wants the bank to remove the default entry from her credit file.

background

Mrs F and her ex-partner had a joint current account with Lloyds Bank. When her ex-partner was declared bankrupt in July 2012, Mrs F became responsible for the outstanding balance on the account. The bank wrote to Mrs F asking her to arrange repayment of the debt. As the bank did not hear from Mrs F it asked its solicitors to write to her.

Mrs F told the bank that she could pay about £50 a month. This monthly payment would not clear the debt within 12 months so the bank told her that the current account would be closed and passed to its collections team where a long term repayment plan could be put in place. The bank's records say that Mrs F agreed to this. But Mrs F says that she was not told that a default would be placed against her credit file. Had she been aware of this, she would have borrowed money from family members to pay the debt.

Mrs F has been paying £20 a month towards the debt. She says that she did not agree to pay £50 a month as she was told by the bank that the amount she paid was irrelevant.

Mrs F also says that the Official Receiver dealing with her ex-partner's bankruptcy told her that she should only be responsible for half of the debt. The bank says that it did not receive any letters to this effect from the Official Receiver. But that even if it had, it is the bank's policy that Mrs F would be responsible for all of the debt and not just half.

Lloyds Bank has offered to pay Mrs F £50 compensation for the distress caused to her as she says she was given incorrect information about the default by a member of its staff. Mrs F has declined the offer as she wants the bank to remove the default from her credit file.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. Where the evidence is incomplete, inconclusive or contradictory (as some of it is here), I reach my decision on the balance of probabilities – in other words, what I consider is most likely to have happened in light of the available evidence and the wider circumstances.

I sympathise with Mrs F's situation. But the bank was entitled to ask her to repay the full amount of the current account overdraft. This is because she was 'jointly and severally' liable for the borrowing on it; this means that the bank could ask either her to pay all or part of the debt.

I am satisfied that the bank's solicitors wrote to Mrs F to tell her that if it did not receive a satisfactory response from her, the bank would register a default with the credit reference agencies. Mrs F's offer to pay £50 a month would not have paid the debt within 12 months,

so was not enough to satisfy the debt. I consider the account had defaulted at that point and the bank was entitled to register the default.

Mrs F says that an advisor at the bank told her that her credit rating would not be affected as a result of entering into a repayment plan. The bank has been unable to provide a recording of the call that took place. But I am not persuaded, on balance, that it told her that her rating would not be affected. The bank's contact notes do not refer to making such a promise. Instead, the advisor told Mrs F that the account would be passed to the collections team so that a long term repayment plan could be set up. I should say that in these circumstances, a default would usually be registered. And the bank's solicitors had already sent her the default notice.

Mrs F has said that if she had known a default would be registered, she would have borrowed money from family to repay the borrowing. But as a default notice had been issued, if Mrs F had been able to borrow money to pay the debt, I would have expected her to do so. And so I do not consider Mrs F would have taken a different course of action even if the bank's advisor had been more explicit about registering the default. The bank has offered to pay £50 in recognition of the fact that Mrs F felt she had been misled by its advisor. In light of my findings, I cannot fairly require the bank to pay any more than it has already offered.

I appreciate that my decision will not be the one that Mrs F hopes for.

my final decision

My decision is that Lloyds Bank Plc should pay £50 to Mrs F.

Gemma Bowen
ombudsman