

## **complaint**

Mr J complains about the way that Lloyds Bank plc (previously Lloyds TSB Bank plc) has dealt with him in connection with the enforcement of a personal guarantee.

## **background**

Mr J, jointly with another director, gave a director's personal guarantee to Lloyds in support of the bank's lending to a company of which he was a director. In April 2012 Lloyds was told that the company was to be wound up. Lloyds was not satisfied with the company's response to its requests for payment so the company's debt was transferred to Lloyds' wholesale banking recoveries department in September 2012. It wrote to Mr J in September and November 2012 with formal demands for payment under the personal guarantee. Mr J says that he did not receive those letters. His debt was then passed to collection agents which contacted Mr J in December 2012. He complained to Lloyds but was not satisfied with its response so complained to this service.

The adjudicator did not recommend that this complaint should be upheld. She was satisfied that Mr J was aware that Lloyds was seeking repayment of the company's debts and that they would be transferred to its wholesale recoveries department. She was not persuaded that Lloyds acted incorrectly and she concluded that there was no justifiable reason why Lloyds should be required to write off all or any part of the amount owed by Mr J under the guarantee or to change the terms of the guarantee.

Mr J says that he did not receive the letters that Lloyds sent to him at his home address and he questions whether they were actually sent. He also says that Lloyds has not acted appropriately.

## **my findings**

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

There does not appear to be any dispute that Mr J provided a director's personal guarantee to Lloyds in March 2010. It is clear from Lloyds' account records that it had concerns about the company's finances in early 2012 and its notes say that Mr J had agreed to make an appointment to go to the bank. In April 2012 its records show that Mr J told it that the company was being wound-up and a number of discussions took place between Lloyds and the directors about how the company's debts were to be repaid. Lloyds' records show that it requested an answer by the end of June 2012 and that, as no satisfactory answer was received, it sent a formal demand for payment to the company at its registered and trading addresses in July 2012.

Lloyds has produced copies of formal demand letters that were sent to Mr J and the other director at their home addresses by its wholesale banking recoveries department in September 2012 and in November 2012. The formal demand letters that were sent to Mr J were sent to his correct address but he says that he did not receive them. There is no other evidence to show that those letters were not properly sent by Lloyds. I therefore consider that Lloyds properly gave notice that it required payment of the company's debt in accordance with the personal guarantee given by Mr J, even if he did not receive those letters.

As Lloyds had not received a reply to either of the formal demand letters that it sent to Mr J, it passed his debt to collection agents. Mr J was contacted by a collection agent in December 2012 and by a different collection agent in February 2013.

In response to Mr J's complaint to it, Lloyds agreed to reduce the amount that he owed to it by £250 in recognition that it did not write to him at his home address (although it has now established that it did in fact write to him at his home address). Although Lloyds' letter does contain some confusing errors, I consider that its reduction of the amount owed by Mr J was fair and reasonable in the circumstances.

I am satisfied that Mr J owes the debt to Lloyds as a result of his personal guarantee of the company's debts. I consider that Lloyds has taken reasonable steps to correspond with him concerning that debt. I am not persuaded that there is enough evidence to show that it has dealt with Mr J incorrectly. I therefore do not consider that it would be fair or reasonable for me to require Lloyds to pay any further compensation to Mr J or to vary the terms of the guarantee that he gave to it.

#### **my final decision**

For these reasons, my decision is that I do not uphold Mr J's complaint.

Jarrold Hastings  
**ombudsman**