

complaint

Mrs N complains about how Lloyds Bank plc (Lloyds) treated her when seeking to recover debts owed by her husband's business.

background

The circumstances of this complaint, briefly, are that Mr N (who is not a party to this complaint) had a business, which I shall call P. P borrowed money from Lloyds, which was secured by way of two legal charges over a property owned jointly by Mr N and Mrs N as tenants in common.

Mr N's business foundered and he was made bankrupt. Subsequently, however, Lloyds wrote to Mrs N demanding full payment of the debt, failing which possession proceedings would be instigated. Mrs N says that this breached an agreement entered into when she and Mr N visited the bank and were assured that no interest would be charged on P's outstanding debt whilst they tried to sell the house.

Mrs N eventually succeeded in persuading the bank to adhere to its previous agreement to limit the amount it sought to recover by way of the legal charges. However, she says that the stress of doing so has had a detrimental effect on her long-term health. The main thrust of Mrs N's complaint is that, as a customer of the bank in her own right, she should not have been treated in such a bullying and cavalier fashion.

The adjudicator was not persuaded that Lloyds had acted unreasonably. Mrs N wishes to continue with her complaint, and so it comes to me to review and determine.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. Mrs N has set out her account of events in considerable detail, and my assessment of the complaint is based on a detailed consideration of everything that she and Lloyds have said to us.

I trust Mrs N will not take it as a discourtesy that I have condensed her submissions in the way that I have. Ours is an informal dispute resolution service, and I have concentrated on what I consider to be the crux of the complaint, and confined my findings to those issues that I consider the case turns on. That approach is consistent with what our enabling legislation requires of me, and I am satisfied I have captured the main thrust of the underlying complaint.

As I understand it, Mrs N is an individual customer in her own right, albeit the complaint does not flow from her direct customer relationship. Nonetheless, Mrs N maintains that she is also a customer by virtue of the legal charges, and as such was entitled to fair treatment when asked to repay P's debts.

Mrs N clearly attaches a great deal of importance to her status as a customer of the bank in her own right, but for the purposes of determining this complaint, the distinction is unnecessary. Lloyds has a duty to treat her fairly in any action to recover the third party debt, regardless of her separate and unrelated status as a personal customer.

I should be slow to conclude that it came as a substantial surprise to Mrs N that Lloyds would look to her for repayment of P's outstanding liabilities. That said, I do not doubt for one moment that Mrs N will have found the correspondence from Lloyds unwelcome in the extreme especially when, initially at least, it was demanding the full balances outstanding rather than the limited amounts agreed in earlier meetings. She is entitled to be compensated for that. The question I must decide is what fair compensation should be.

Mrs N has written with commendable openness about her two separate and discrete medical conditions. I do not detail them here, for fear of the potential for identification, but I have no doubt that both have caused Mrs N considerable distress. I recognise her strength of feeling but I am not in a position to determine with any confidence that Mrs N's health problems are a foreseeable consequence flowing solely and exclusively from the acts and/or omissions of Lloyds.

I must also keep in mind that, whilst there were pre-existing agreements to limit Mrs N's liability for P's debts, these agreement themselves were concessions amounting to considerable debt forbearance that the bank was under no obligation to provide. Taking all of this into account, our adjudicator considered that fair compensation should be £200. In all the circumstances, I have reached broadly the same conclusion.

my final decision

For the reasons set out above, my final decision is that I uphold this complaint in part only. In full and final settlement, I direct Lloyds Bank Plc to pay Mrs N £200. I make no other order or award.

Under the rules of the Financial Ombudsman Service, I am required to ask Mrs N to accept or reject my decision before 10 March 2015.

Jeff Parrington
ombudsman