

complaint

Mr H is unhappy that Lloyds Bank PLC sold his credit card debt to another business without prior warning. He thinks this is a breach of contract as he'd reached an agreement with Lloyds on how the debt was to be repaid. He also believes Lloyds breached data protection rules when it sold his debt.

Background

Mr H has held a credit card with Lloyds for many years. When his financial circumstances changed he made an agreement with Lloyds to pay £25 a month towards his outstanding balance. This was later increased to £35. At that point the account was considered in default and no further interest or charges were added. But he then received a letter from another company who informed him that it had purchased his debt from Lloyds. It wanted to review how he might be able to repay the debt.

Mr H complained to Lloyds about what he saw was a breach of contract and a breach of data protection by selling the debt to another business. He also complained about the actions of the other business.

Lloyds agreed that it had made a verbal agreement to accept a reduced payment to his account in 2015. But it explained it had recently made a business decision to sell his debt to another company which it says it was entitled to do. Therefore it said it hadn't done anything wrong. Lloyds explained that Mr H should contact the other business to discuss matters as it would probably want to review his situation. Mr H didn't accept this and referred his complaint to us.

Two of our adjudicators looked into this complaint and said it shouldn't be upheld. Ultimately they said that Lloyds reserved the right to sell Mr H's debt to another business regardless of any arrangement it had with him to repay the debt. And they confirmed that we had provided details of the Information Commissioners Office regarding the complaint about a data protection breach.

Following communication with this service Mr H confirmed he had three outstanding unresolved issues;

- The sale of his credit card to another company and any breach of contract and data breaches that occurred during that process.
- A complaint against the actions of the business collecting his credit card debt.
- A complaint about a PPI policy.

The first issue is the complaint that been considered here, the others are the subject of two further complaints being looked at by this service.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Mr H has two other complaints being considered by this service which will be answered separately. To be clear, what I'm considering here is the sale of Mr H's credit card debt to another business and any issues about this being a breach of contract and any data

protection breaches that may have occurred during that process. I have some sympathy for Mr H's position as I can imagine he would be concerned by this change. But I don't think Lloyds has done anything wrong here, which I know will disappoint Mr H, so I'll explain why

Mr H says he had a contract with Lloyds to repay his debt at a fixed amount and – by selling the debt – that contract has now been broken without his agreement. He says he was told his repayment plan could go on until either he found a new job or sold his UK property. And I can see why Mr H would be upset that his debt was sold if he thought Lloyds was waiting for one of those two events to happen. But even if something had been agreed verbally –which Lloyds has accepted – we wouldn't expect Lloyds to keep his debt 'on hold' or in a repayment plan indefinitely - where concessionary payments are being accepted. So I think even if there was a plan, Lloyds would be within its rights here to have sold the debt when it did.

Due to the passage of time the terms and conditions from when Mr H first took out his credit card are no longer available. But looking at a recent version I can see it says under "*rights and obligations*" that "*we may transfer our rights and obligations under this agreement (including our obligation to lend) to someone else. If we do so, your rights under this agreement will not be affected*". And I think it is most likely that wording to this effect would have been in the original agreement. This is because most lending agreements including similar clauses. So I think Lloyds has made it clear that could make a commercial decision to sell Mr H's account at any point during the agreement and it didn't have to give him prior notice.

The Lending Standards Board's guidelines say that "*Firms should ensure that when a customer's debt is sold, the purchaser continues to apply the relevant protections provided by the Standards of Lending Practice*". But I can see that Mr H has since set up a complaint against the business Lloyds sold the debt to. So whether or not that business has acted appropriately will be considered separately under that complaint. So I won't comment on it further here. I know Mr H thinks he had a contract in force with Lloyds – and I note he has continued to pay the agreed amounts for some time. But I think Lloyds is entitled to sell the debt to another company if it decides to do so regardless of any agreements in place. So I don't think there has been a breach of contract on Lloyds' part.

Mr H says Lloyds breached data protection when it sold his debt on. But our role isn't to decide if a business has breached data protection laws – that's a matter for the Information Commissioner's Office to decide. As I mentioned above, Lloyds is entitled to sell a debt to a third party and in doing so certain customer information is passed on. But I've not seen anything that would make me think Lloyds provided any information that it wasn't entitled to do under this kind of process. I note Mr H made a separate complaint about whether the new business has treated him fairly, so I won't be commenting on that issue.

I also note that Mr H has made reference to the debt being 'statute barred'. It's not for us to decide whether a debt is legally enforceable. Only a court can decide this. But I can consider if I think Lloyds is acting unreasonably in pursuing this debt. There's no evidence that Lloyds itself is pursuing the debt and as I've said previously I think it acted within its terms and conditions in selling the debt. So I don't think Lloyds has acted unfairly on that matter.

Ultimately here I think Lloyds was allowed to sell Mr H's debt and I can't see it acted unfairly during the process. So, in this particular complaint I won't be asking Lloyds to do anything further.

It seems Lloyds accepted that in 2017 Mr H was given some incorrect information about all mail being sent electronically. And I note it offered £50 compensation for this. Lloyds has said the offer is still open. I'll leave it up to Mr H to decide if he wants to contact Lloyds directly to receive the £50.

my final decision

For the reasons given I don't uphold Mr H's complaint against Lloyds Bank PLC.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 12 March 2019

Keith Lawrence
ombudsman