

complaint

Mr H says Lloyds Bank plc must justify the value of his outstanding loan balance that it's sold to a third party. He's also unhappy it can't provide a copy of the original loan agreement.

background

Mr H took out a loan over 25 years ago. Lloyds' records show what was owing in February 1995 and it's given details of the regular monthly repayments (generally of £40 or £20) that Mr H made until October 2013, when the debt was sold to a third party.

At this point Mr H challenged the value of the remaining debt. He said he's unsure what it's made up of, and as the bank didn't have detailed records or an agreement, he's unwilling to accept it's correct. At one stage he was incorrectly informed by the bank that the debt on the account no longer existed. The bank later explained this was human error and offered £100 compensation for the misleading information.

Our adjudicator didn't recommend the complaint should be upheld. He said there's no evidence that the balance of loan sold on wasn't correct. He thought Mr H would've questioned his loan balance before if he was unsure, particularly given how long he'd been making repayments for. Considering the age of the loan he said it wasn't unexpected that the bank didn't have more details, or a copy of the agreement. He thought the £100 compensation was fair if Lloyds had provided misleading information.

Mr H disagreed. He said, in summary, only in recent years had so many problems in the sector come to light – so how could he have known to challenge the debt sooner? The fact he made repayments can't be used as confirmation the original figure was correct. He said no loan agreement was available as no paperwork ever existed. He rejected the £100 saying Lloyds had changed its position on whether he was ever misinformed – further strengthening his view that anything the bank said couldn't just be accepted, but needed validation.

Finally, he added that the bank will no longer discuss the debt with him despite his attempts to reach a settlement.

my findings

I have considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. As the evidence is incomplete, I've based my decision on the balance of probabilities – so, on what I think is most likely to have happened in the light of the available evidence and the wider circumstances. And whilst I know this will be very frustrating for Mr H I've reached the same conclusion as our adjudicator, for the same reasons.

The age of the loan means I have to make my decision based on incomplete information. Mr H said his years of repayments shouldn't be read as evidence the amount owing is correct and whilst it's not conclusive evidence, I have to question why he would make monthly repayments for so many years if he was in any doubt about what was owing. I don't agree the emergence of other issues in the banking sector is enough of a reason to conclude it's most likely there's a miscalculation - or an incorrect application of charges or insurance - on his loan debt.

I haven't seen any evidence from either party that shows the bank made any errors with

Mr H's loan account. So on balance I can't fairly conclude that he doesn't still owe the value of the debt that's been sold to a third party. I know this will frustrate Mr H and that he won't find it acceptable that the bank can't provide more historical detail. But I'm not persuaded that instructing further investigation will provide the data or documentation he would like to see.

The remaining area of dispute is whether Lloyds misinformed Mr H that the account was closed. There is contradictory evidence from the bank and I can understand this undermines Mr H's confidence in it, however I don't think reaching a definite answer on this point is critical to the outcome of this complaint.

I know Mr H is also frustrated that the bank will no longer discuss any potential settlement of the debt. But I can see no grounds to instruct the bank to bring the debt back so he must talk to the third party that now owns the debt regarding settlement terms.

In summary, I can't find enough evidence to support Mr H's concerns that the bank has incorrectly calculated the value of the debt owing. And as it remains unpaid it's entitled to pursue the debt - this includes selling it on to third parties.

my final decision

My decision is that I don't uphold this complaint. I leave it with Mr H to decide whether to accept the £100 offered by Lloyds Bank plc.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr H to accept or reject my decision before 17 September 2015.

Rebecca Connelley
ombudsman