

complaint

Mr W complains about the way Lloyds Bank PLC (Lloyds) has dealt with his current account.

background

Mr W complains about three key areas. These are set out below. To put things right, Mr W wants an apology and compensation from Lloyds.

current account debt

Mr W says Lloyds told him in 2014 that his account was at a zero balance and it was then closed. But, in 2017, he says he had a letter to tell him that Lloyds had sold a debt on this account to a third party, C, without any warning. In summary, he says:

- He doesn't recall a conversation with Lloyds about this debt in 2015.
- Lloyds should've made an effort to make him aware of this debt but it didn't write to him about this in 2015 or 2016. And, until he received a letter about the sale of the debt in 2017, he wasn't even aware this account was still open.

Lloyds doesn't agree. It says that in 2014, Mr W claimed that fraudulent transactions had been made on his account. While the bank looked into this, it refunded the money to Mr W's account. Mr W then made transfers and payments from his account leaving it close to a zero balance. After Lloyds had completed its investigations, it declined Mr W's claim and the transactions were re-debited to his current account. This left Mr W in an unplanned overdraft. In early 2015, Mr W complained about the re-debited transactions and Lloyds sent him a written final response to let him know it hadn't upheld his complaint and confirm his account had an overdrawn balance.

Lloyds also says it tried to contact Mr W about the outstanding debt and so has its debt collection agents including:

- A solicitor's letter in August 2014 to demand repayment of the debt.
- A statement of account each year from the bank.
- The first collections agent on a number of occasions by letter and phone between March and July 2015. M's records show it spoke to Mr W in June 2015 but he declined to set up a repayment plan.
- The second collections agent on a number of occasions by letter and phone between July and November 2015.
- The third collections agent, Q, on a number of occasions by letter in 2016.

Lloyds says Mr W set up a repayment plan with Q and made a £10 payment towards the debt in July 2016. As no further payments were made, Lloyds sold the debt to C in 2017.

a default registered against Mr W.

Mr W says he's unhappy that Lloyds has registered a default against him. In summary, he says that until July 2017 Lloyds hadn't placed a default on his credit file. But when it was added to his credit file, the default was back dated to 2014. Also, he's said the default logged by Lloyds Bank has been removed and C logged a new default in July 2017. Mr W says this means he's had two defaults registered against him for the same debt but one of them starts

later than it should and so he'll be affected by it for longer than he should. Also, the debt wasn't yet registered against him when he obtained copies of his credit file before July 2017.

Lloyds says it correctly recorded Mr W's default from 2014. And that, when a debt is sold, the new owner of the debt takes over the original default from the date it took over the debt.

customer service.

Mr W is unhappy with the way the bank dealt with his complaint. This includes the lack of updates and poor communication from Lloyds and that the questions from his original complaint haven't been answered.

Lloyds doesn't agree. It says it sent the final response to Mr W within a matter of days of receiving the complaint from Mr W. So it didn't need to send regular letters to Mr W because the final response had already been issued. And, whilst it understood that Mr W was unhappy with the outcome of his complaint, it felt that no new points were raised by him.

Our adjudicator looked at this matter and didn't uphold Mr W's complaint. So she didn't think Lloyds needed to pay any compensation or amend the default registered on Mr W's credit file. She explained her reasons and I've summarised these below.

- *current account debt* - Our adjudicator thought Mr W was aware of the debt before he received the letter in July 2017 to tell him that the debt had been sold to C.
- *default registered against Mr W* - Our adjudicator explained:
 - o From the extracts of the credit file she'd been sent by Mr W she could only see one default had been registered for this debt by Lloyds in 2014.
 - o When a debt is sold, a credit file will be updated to reflect the new ownership of the debt. But this is a continuation of the original default logged even though it's then reported by the new owner of the debt.
 - o Without seeing an earlier copy of Mr W's credit file, she wasn't able to say if a default had been removed and replaced.
- *customer service* - Our adjudicator didn't agree Lloyds needed to send update letters to Mr W after it'd issued its final response. And she didn't think it was unreasonable that Lloyds decided not to discuss matters with Mr W any further although she noted that it wrote to Mr W in August and explained this to him. She listened to the call between Mr W and Lloyds and explained that:
 - o even though the conversation had become heated, she didn't feel the adviser was rude, unprofessional or dismissive.
 - o the adviser told Mr W that the call was going to be ended before doing so.

Mr W didn't accept this and this matter has been passed to me for a decision.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Where there's a dispute about what happened, I've based my decision on what I think's most likely to have happened in light of the evidence.

Although a number of issues have been raised, this decision only addresses those issues I consider to be materially relevant to this complaint. However, I've given careful consideration to all of the submissions made before arriving at my decision.

Having done so, I have to tell Mr W that I think the adjudicator has reached the right outcome here. Lloyds doesn't need to amend his credit file or pay him any compensation. I think the adjudicator set out the position clearly and thoroughly so there's very little I can usefully add to what has already been said to Mr W. I would just make the following points.

- *current account debt* - Taking all the evidence into account, I think Mr W knew he owed money to Lloyds. And, as the debt had been outstanding for such a long time, I don't think it was unreasonable or surprising that it sold the debt to C.
- *customer service* - By the time the advisor said she'd be ending the call from Mr W, I think a way forward had been agreed. The adviser explained to Mr W that she'd need to request information from the debt collection agents to find out when they'd tried to contact Mr W. She told him several times that she needed to do this before she could look into his complaint. Towards the end of the call, I think the conversation had broken down. So I don't think it was unreasonable for the advisor to end the call when she did, having told Mr W that she was going to do this.

I appreciate that Mr W is unhappy that he hasn't had an answer to each issue he raised with the bank including questions relating to various laws, regulations and guidance. However, I think Lloyds established what it understood to be the crux of Mr W's complaint and responded to that. And I don't think this is unreasonable.

I know this isn't the outcome that Mr W was hoping for. But my decision brings to an end what we – in trying to resolve his dispute with Lloyds informally – can do for him.

my final decision

My final decision is that I don't uphold Mr W's complaint against Lloyds Bank PLC.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 1 March 2018.

Rebecca Ellis
ombudsman