

complaint

Mr A complains that he has made an overpayment to Lloyds Bank PLC on his original credit agreement and he disputes the amount he owes.

background

Mr A had two loan accounts and a current account overdraft. These defaulted and he has made repayments under a debt management plan. He complained that all the balances had been combined into one total. Lloyds did not accept it had made any error in doing this. It issued a final response about this in 2013. Mr A later wrote to Lloyds in November 2014 saying that he had overpaid by over £2,600. It has offered to pay Mr A £115 for not responding to this letter and for losing a cheque that he had earlier sent in an offer of settlement. But, it objected to this service now considering a complaint about the overpayment. It said that this was the same complaint he had raised before and was out of time.

The adjudicator did not recommend that Lloyds do more than it had offered to. He said that:

- An ombudsman had issued a jurisdiction decision saying that this service could look at the new issue raised by Mr A in his letter of November 2014.
- He had, as a result, looked at how the total balance owing had been arrived at when the debt was consolidated.
- All the debt had been recorded against one of the original agreement/account numbers.
- He understood why Mr A was unhappy with this.
- But it was fair and reasonable for Lloyds to expect Mr A to pay back all of this debt.
- It remained open for Mr A to pursue any issues he believed existed around enforceability in court.

Mr A did not agree and said in summary, that he disputed the debt under the agreement number that has been quoted by Lloyds. He expected Lloyds to give him a detailed breakdown of how all his debt had arisen relating to the appropriate agreement numbers. He said that the adjudicator has commented on matters that had been found to be outside jurisdiction. Mr A did not accept that the balance on the overdraft that was consolidated was fair as it included disputed bank charges. He said he had also made a successful complaint about the payment protection element of one of the loans and so that balance was initially incorrect too. He pointed out that a debt collection agency has quoted a different agreement number in a recent letter to him. He thought that this was a way of getting around the problems with using an old agreement number. And he said that this would result in misleading information being recorded at credit reference agencies.

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 A said that he had made an overpayment because he has deducted all of his repayments from the original defaulted balance on what I will call 'Loan 1'. But he says that those repayments also related to what I will call 'Loan 2' and the 'Overdraft'. When Lloyds consolidated the borrowing it used the account/agreement number that related to Loan 1. So, when it quotes the amount outstanding it only refers to this number. Mr A asked in November 2014 that it breakdown the amount he owes by the original numbers.

I'm afraid that the way in which the debts arising under distinct agreement numbers have been consolidated has been deemed out of jurisdiction. So I can't consider a requirement that the outstanding borrowing be split against the original agreement numbers. And so I'm unable to conclude that Mr A has made an overpayment on the basis he says. Nor can I look at what he says are the consequences of how this has been reported to credit reference agencies.

The adjudicator referred to how the consolidated balance arose to provide context. He did not go behind any previous disputes about any of those balances. I note for example that Lloyds previously rejected a complaint by Mr A about unfair bank charges applied in 2005 and 2006 as out of time. And this has not been referred to this service. He also says he has reached a settlement on a payment protection insurance mis-sale claim on Loan 2. So I won't be looking at that here either.

I can't see that Lloyds has acted unfairly in asking Mr A to repay the total balance. And where acceptable repayments were not being made it was reasonably entitled to appoint debt collectors to deal with this. As the adjudicator has said Mr A can pursue this matter in court. And that's if he does not accept my decision and subject to any relevant time limits.

my final decision

My decision is that Lloyds Bank PLC should pay Mr A £115 as it has offered to do.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 23 November 2015.

Michael Crewe
ombudsman