

complaint

Mr H has complained that Lloyds Bank PLC has charged him unfair and excessive overdraft fees, and passed his debt to a third party.

background

Mr H was using his overdraft on his Lloyds account, and was charged fees. He feels that these were excessive and unfair, and has explained that he was in financial difficulty.

Mr H has explained that he agreed with Lloyds to make six repayments to clear the debt, but it still passed his account to a collections agency.

Our adjudicator didn't recommend that the complaint should be upheld. This was because we can't look at whether or not bank charges are excessive. But he looked at whether they'd been applied in line with the terms and conditions of the account, and felt they had. He also thought Lloyds had acted fairly when it found out Mr H was in financial difficulty, because it refunded some of the charges and set up a fee-free repayment plan. He also thought it had been reasonable for the debt to be passed to the collections agency.

The complaint's now been passed to me for my final 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.

Having done so, I agree with the adjudicator.

In 2009, there was a Supreme Court ruling that said bank charges can't be challenged on the grounds that they may be excessive. This means I can't look at this aspect of the complaint. But I can consider whether the charges were applied according to the terms and conditions of the account. I'm satisfied that they were.

I turn now to whether Lloyds acted positively and sympathetically, when it found out Mr H was in financial difficulty. I think it did. This is because it refunded over £300 of fees, and set up a fee-free repayment plan. It only started charging the fees again when a repayment was missed. I know that Mr H had reasons for this, but I'm afraid that the arrangement was still broken.

As a debt was owed, and the repayment plan hadn't worked out, I feel it was also fair of Lloyds to pass the account to a collections agent. I'm afraid I haven't seen anything that shows me that it said it wouldn't do so.

my final decision

For the reasons given above, it's my final decision not to uphold this complaint. I make no award 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 11 April 2016.

Elspeth Wood
ombudsman