

complaint

Mrs O has complained about the way Lloyds Bank PLC have treated the debt owed on a joint account held with her ex-husband.

background

Mrs O was added to her husband's account with Lloyds in 2007. In 2015 they separated and Mr O continued to use the joint account. The account was in arrears and passed to Lloyds' collections department in September 2016. Lloyds wrote to both Mr and Mrs O at their last known addresses saying the debt had to be paid. When it wasn't paid, it was passed to a debt collection agency.

Mrs O feels it is unfair she should have to pay the debt that she says her husband ran up on the account.

Our investigator explained that as the debt is on a joint account held by Mr and Mrs O both are liable for the debt. Because of this he felt Lloyds hadn't acted unfairly by requesting repayment from Mrs O.

Mrs O was also unhappy that her husband had upgraded the account after they had separated and she hadn't known about it. Our investigator said under the terms and conditions either of the account holders could make changes to the account independently. So Lloyds had done nothing wrong in accepting Mr O's instructions to upgrade. It wasn't the bank's role to tell Mrs O about the instructions given by the other account holder.

But our investigator said Lloyds must treat Mrs O positively and sympathetically. He felt the compensation and fee refund offered by Lloyds was fair but it should make an affordable arrangement with Mrs O to repay the debt.

Mrs O didn't agree and asked an ombudsman to look at her case.

my findings

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

I can understand Mrs O's frustration and distress that she is being asked to pay a debt that she didn't cause and knew nothing about until it was at the debt collection stage.

The bank no longer have a copy of the joint account form that would have been signed at the time Mr and Mrs O asked for her name to be put on the account. But they do have a copy of other documents needed to allow the bank to add her name. Statements for the joint account were sent to Mr and Mrs O at their marital home from 2007 until March 2016. Mrs O remained at that address after they separated in 2015. I can't say that Mrs O didn't know there was a joint account. I can see that after they separated neither Mr nor Mrs O took any steps to close the joint account.

The terms and conditions for the account are clear. The bank can take instructions from either of the account holders. It doesn't need to be both. So when Mr O upgraded the joint account Lloyds did nothing wrong by acting on his instruction alone. They also say that each of the account holders

“... is separately responsible for complying with the terms of this agreement. If any one of you does not comply with the terms, we can take action against any or all of you alone or together For example, we can take action to recover the whole of any debt relating to the joint account from any one or more of you, even if you did not know about it. “

In their final response letter Lloyds have apologised for a lack of response to Mrs O's letters and have offered Mrs O £150 compensation. They have also offered to refund £282.01 of fees added to the account after Mrs O contacted Lloyds.

I realise Mrs O will be disappointed with this outcome. But I can't really say Lloyds has acted unfairly or done anything wrong. And I won't be asking it to do anything more.

my final decision

For these reasons, I don't think there's any basis on which I can fairly expect Lloyds Bank PLC to do more than it already has. So my final decision is that I don't uphold Mrs O's complaint.

I leave it to Mrs O to decide whether she now wishes to accept the £150 compensation and £282.01 offered by Lloyds.

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

Margaret Hughes
ombudsman