

complaint

Mr and Mrs A are unhappy that they're being chased for the debt that was left when their property was sold in possession in 2010 by Lloyds Bank Plc (formally C&G).

background

In August 2007 Mr and Mrs A took out a mortgage with Lloyds. They got into financial difficulties, and in February 2010 Lloyds formally took possession of the property (albeit Mr and Mrs A handed the keys back before then). It was sold in May 2010 and there was a shortfall of around £90,000.

After receiving a letter about the debt in 2018 Mr and Mrs A complained that they'd only just been contacted so long after the property had been sold. They said Lloyds was time-barred from chasing the debt as it had left matters too long. They also said the property had been sold for less than it was worth.

Our investigator considered whether the complaint had been brought to us in time and didn't think part of it had. She said Mr and Mrs A had left it too long to complain about the sale price of the property, but that we could consider their complaint about being contacted in 2018 about the debt. Mr and Mrs A disagreed and so the matter was passed to me.

In a decision in October 2019 I set out details of what we can and can't look at. I said the only issue we could consider was Mr and Mrs A's complaint about the recent contact from the third party to chase repayment of the shortfall debt, as the complaint about the sale price of the property had been brought too late under our rules.

As our investigator had already given her opinion I asked both sides to let me have any final submissions within two weeks. Neither party said anything else, and now the case has come back to me to decide.

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 appreciate Mr and Mrs A's frustration, but customers do have responsibilities. Mr and Mrs A didn't keep in touch with Lloyds. They knew they owed it money and a lack of contact doesn't mean the debt disappeared. Lloyds has provided us with information from tracing companies and letters that were sent to different addresses they'd traced Mr and Mrs A to. If Mr and Mrs A didn't receive any of those letters that's not Lloyds's fault. Mr and Mrs A, knowing they owed this money, should have kept Lloyds notified of their whereabouts. That way, Lloyds could have kept in contact and there would have been no confusion on Mr and Mrs A's part about whether or not they still owed the money.

In any event I can see Mrs A acknowledged the debt in 2013; she requested a statement of facts as to what happened once the keys were handed back, and a statement of costs, as she was looking into whether the property was undersold for a quick sale. So it's clear at that time that she knew there was a residual debt remaining after the sale of the property. I can also see she said she may consider offering £15,000 in full and final settlement although she wasn't willing to complete an income and expenditure form, but the offer couldn't be accepted without the form. Whilst these were internal emails discussing contact with Mrs A –

rather than emails from Mrs A herself – I've no reason to doubt their content. Mr and Mrs A acknowledge that Mrs A was in contact at that time to query the sale price, so if that part of the contact is correct I can see no reason why the note about a potential £15,000 offer in a full and final settlement would be incorrect.

I appreciate that hearing about the shortfall debt again came as a shock to Mr and Mrs A, but Lloyds hasn't done anything wrong in chasing for repayment. I would suggest that Mr and Mrs A speak to someone qualified to give them free debt advice about this - such as Shelter, StepChange or Citizens Advice. We can provide Mr and Mrs A with contact details for those agencies, if they'd like us to do so.

my final decision

I don't uphold this complaint. My final decision concludes this service's consideration of the complaint, which means we'll not be engaging in any further consideration or discussion about it.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs A to accept or reject my decision before 11 December 2019.

Julia Meadows
ombudsman