

complaint

Mr M complains about his current account with Lloyds Bank PLC. He says the bank didn't give him sufficient information to enable him to make an informed choice when he agreed to settle his debt to the bank.

background

Mr M says that, at the relevant time, his overdraft was over £2,000.00. The bank agreed to accept £1,500.00 in settlement of Mr M's debt. It recorded the debt as partially settled on Mr M's credit file.

Mr M says that the bank didn't tell him that it would record the fact that his debt was partially settled on his credit file, so he didn't make an informed choice. After he made the payment, it told him it would record this as partially settled but it didn't explain what that meant. Mr M wants Lloyds to record on his credit file that the debt was settled in full, apologise to him, change its process and pay him compensation.

The adjudicator said that Mr M's credit file showed the correct information, as Lloyds accepted less than he owed in settlement of the debt. He said that banks have a duty to report true and accurate information to credit reference agencies. So, even if Lloyds didn't tell Mr M how this information would appear on his credit file, he couldn't ask it to mark Mr M's account as settled in full.

The adjudicator listened to the phone calls between Mr M and the bank about this. Neither Mr M nor the bank mentioned Mr M's credit file before Mr M paid the agreed amount. After the payment had been made, the bank said that Mr M's credit file would show the debt as partially settled.

The adjudicator didn't think that the information the bank gave Mr M about partial settlement was ambiguous. He said that even if the bank had explained this further or mentioned it before Mr M made the payment, it wouldn't have altered what Mr M chose to do. That was because Mr M was paying considerably less than he owed, he was eager to settle the debt and, as far as the adjudicator was aware, Mr M didn't have further money so that he could choose to settle the debt in full.

The adjudicator said that it would have been helpful if, before Mr M made the payment, the bank had explained how this would appear on his credit file or explained in more detail what that meant. But he didn't think that Lloyds had made an error that warranted compensation as he didn't think Mr M would have made a different decision.

Mr M asked that an ombudsman look at his complaint. He said that he was committed to becoming debt free and it may or may not have been the case that he chose to settle the account if he'd had the information. He says that he wanted to rebuild his credit score and if the bank had given him the information, he would have been able to discuss this with his wife. Mr M wants the bank to agree to discuss this with customers before taking payments and wants a token gesture by way of compensation.

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 for the same reasons.

The bank wasn't obliged to give Mr M further information in the way Mr M suggests. It has a duty to report accurate information to credit reference agencies, which it's done here. Even if the bank had given Mr M additional information, I don't think it would have altered the outcome for Mr M, for the reasons set out by the adjudicator.

my final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 31 May 2016.

Louise Povey
ombudsman