

## **complaint**

Mr L complains that Lloyds Bank plc recorded a default on his credit file without warning him, and while he was disputing the debt outstanding.

## **background**

In March 2012 Lloyds wrote to Mr L, explaining that it had decided to close his accounts. It gave him two months' notice of the closure. It explained that it had put a block on Mr L's account, preventing him from carrying out transactions. And it said that if there was a debit balance on any of Mr L's accounts, he'd need to arrange to repay it.

Because Mr L hadn't repaid his overdraft, Lloyds recorded a default on his credit file in late July 2012 and transferred the account to a debt collection agency the following month. Mr L has since repaid the outstanding balance.

Mr L says he visited a Lloyds branch after he received its March 2012 letter to ask why it was closing the account. He says he subsequently asked how he could repay the debt. But he says he was told he couldn't and the matter was out of the branch's hands. He also says he disputed the balance outstanding on his account. This was because it included charges that had been debited while he couldn't access the account, even though he was trying to pay off his overdraft.

Our adjudicator didn't recommend that the complaint should be upheld. She said, in summary, that she wasn't convinced that Mr L had the means to pay off his overdraft between the date of Lloyds' notice and the date the default was recorded. She explained that Lloyds had confirmed that if Mr L had tried to make payments over the counter, they would have been accepted, even while the account was blocked. So she wasn't convinced that Mr L had tried to repay his overdraft in the branch before the default was recorded.

After the adjudicator issued her opinion, Mr L provided a printed account history for an account in his name overseas. It appears to cover the period from February 2009 to February 2015, although the last entry dates back to April 2012. The balance showing then would have been enough to clear Mr L's debt with Lloyds. But the adjudicator commented that it had still taken him some time to repay the debt even once he'd agreed the outstanding figure with Lloyds. So she wasn't convinced that he'd have repaid the debt before July 2012.

## **my findings**

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. Having done so, I've reached the same conclusion as the adjudicator.

Where the evidence is incomplete, inconclusive or contradictory (as some of it is here) I reach my decision on the balance of probabilities – that is what I consider is most likely to have happened, given the evidence that is available and the wider circumstances.

I'm not convinced, on balance, that if Mr L had tried to make a payment into the account between March 2012 when he received Lloyds' letter, and July 2012 when the default was recorded, he'd have been told this wasn't possible. I think that if he'd approached Lloyds about paying off the outstanding balance, it would have allowed him to do so.

Mr L has provided a copy of a statement from a savings account in the UK which covers the period from early June to mid-July 2012. It's true that at some points the account contained enough money to cover his debt to Lloyds. But the balance reduced to zero twice during that period. So I'm not convinced the money would have been available to repay the debt to Lloyds. Mr L also says he had enough money in his overseas account to clear his Lloyds overdraft. But I'm not satisfied from the evidence provided that the money was available for that purpose.

I acknowledge that Mr L says he didn't receive Lloyds' solicitors' letter, warning him that a default would be recorded on his credit file if he didn't repay the balance. But other correspondence from Lloyds was reaching him at the time and I think it unlikely, on balance, that the solicitors' letter didn't arrive. And in any event, I think it likely that Mr L would have been aware that he risked damaging his credit history if he didn't repay the debt. But he didn't do so. In the circumstances, I'm not satisfied that he'd have been able to repay the full balance outstanding and avoid the default even if he had approached Lloyds about repaying the debt.

I acknowledge that Mr L says he didn't start to repay the debt until Lloyds had agreed to waive the fees and charges that had been debited to the account after it gave him notice of closure. But from the evidence provided, I'm not convinced that Mr L queried the amount outstanding until late 2012. So I don't accept, on balance, that the fact that Mr L didn't clear the balance in time to avoid the default was connected with the fact that he disputed the amount outstanding.

The default was an accurate reflection of the state of Mr L's account at the time. I'm not satisfied that Lloyds can be held responsible for Mr L's failure to clear the balance on his account in time to prevent the default being registered. It follows that I can't reasonably require it to remove it.

### **my final decision**

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr L to accept or reject my decision before 28 August 2015.

Juliet Collins  
**ombudsman**