

## **complaint**

Mr K complains that Lloyds Bank Plc (previously Lloyds TSB Bank Plc) has unfairly made a call on him under personal guarantees that he gave it for the debts of his limited company.

## **background**

Mr K gave Lloyds his personal guarantees of £20,000 and £30,000 respectively, for the debts of his limited company. The debts were also secured on a property.

By 2008, the company's debt had been transferred to Lloyds' recoveries department. Mr K made various proposals for repayment of the debt but, eventually, the security property was sold. The proceeds of sale were not sufficient fully to discharge the company's debts and Lloyds made a call on Mr K under his personal guarantees.

Mr K says that, having been unhappy at the figures Lloyds gave for the debt, it had been negotiated that Lloyds would accept the proceeds of sale of the security property in full and final settlement of the debt. He does not, therefore, accept that Lloyds may now make any additional call on him under the personal guarantees.

Lloyds did not agree that it had ever said it would accept the sale proceeds as full and final settlement of the debt, and so Mr K brought his complaint to this service.

An adjudicator investigated the complaint. Whilst he accepted that Mr K had been keen to avoid sale of the security property, the adjudicator considered that Lloyds had been patient in the matter and, ultimately, had been entitled to reach a commercial decision in the circumstances to realise its security.

The adjudicator was not persuaded, from the evidence, that any agreement had been made that the sale proceeds would be accepted in full and final settlement of the debt, and so he did not recommend that the complaint should succeed.

Mr K did not agree with the adjudicator. He asked for his complaint to be reviewed.

## **my findings**

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

In his complaint form, and the letter that accompanies it, Mr K has included within his complaint wider issues of alleged failure by Lloyds to keep to various lending promises made to the company.

However, the complaint that has been considered by Lloyds and is the subject of its final response to Mr K is limited to the issue of whether or not it was entitled to make a call on Mr K under his personal guarantees, and that is the complaint which I am considering here.

It is not possible for Mr K, who brings this complaint in his personal capacity, to complain here about lending promises made in relation to the company – a distinct and separate legal entity, which was dissolved earlier this year.

Looking at Lloyds' internal records for the relevant period, I cannot see any reference to an agreement to accept the sale proceeds in full and final settlement of the company's debts, or that it would not make any call on Mr K's guarantees. Rather, the notes appear to anticipate a call being likely to be necessary. Mr K has been unable to produce any such agreement and, in all the circumstances, I am not persuaded that Lloyds agreed to accept the sale proceeds as full and final settlement of the debt.

I note that, more recently, there have been discussions between Lloyds and Mr K about a lump sum settlement of the guarantee liability and – given Mr K's financial situation – I very much hope that this will lead to an acceptable voluntary settlement being reached.

**my final decision**

My final decision is that I do not uphold this complaint.

Jane Hingston  
**ombudsman**