

complaint

Mr C complains that Lloyds Bank PLC did not treat him fairly when dealing with his debt.

background

Mr C had credit card and current accounts with Lloyds. He says that, when he was unable to pay the debts on the accounts, Lloyds did not make a proper effort to find out about his physical and mental health conditions before pressuring him to agree a repayment arrangement.

Mr C says that Lloyds unfairly continued to apply interest and charges, and wrongly gave him to understand that his accounts would be put back in place once he had agreed a repayment arrangement.

Lloyds said that it had been unable to start a repayment plan, which would have stopped interest and charges, because Mr C had been unwilling to provide details of his income and expenditure. It did not accept that it had treated Mr C unfairly, but accepted there had been some poor service and said it would pay Mr C £150. It also refunded over limit and late payment charges totalling £228.

As things were not settled, Mr C brought his complaint to this service where an adjudicator investigated it. The adjudicator provided Lloyds with fuller information about Mr C's current health problems, ongoing disability and financial position. After consideration, Lloyds agreed to write off his debt entirely.

The adjudicator felt that this, together with the £150 that Lloyds had already offered, represented a fair settlement for Mr C. Mr C did not agree. He sent further representations, and I summarise his main points:

- This is not just about writing-off the debt, it is also about his receiving fair compensation for the upset he has been caused by Lloyds' errors. He feels that a fair amount, to include injury to feelings, would be £1,600 but is willing to compromise and accept £1,100.
- He also needs Lloyds to put his current account back into order so that he can use it again.
- Lloyds needs to take responsibility for what happened, and he should not have been put through all this in his condition. It had a very bad impact on him, for a considerable length of time, when he was vulnerable. He is also pursuing this complaint for the benefit of other people in the same position as him.
- He has seen a case on the ombudsman service website which he believes is very similar to his and got much higher 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.

Mr C has provided details of his serious health difficulties, and I was sorry to learn of the many problems he has had to face in recent years. I can appreciate that he was worried and upset about how he was going to be able to repay the debt to Lloyds.

From the evidence, I can see that Lloyds was hoping for monthly repayments at about 1% of the balance, which it understood would be affordable for Mr C. I'm not persuaded that it refused to consider the lesser amount that he offered, though I accept that communication about the debt was not always as clear on Lloyds' part as it should have been.

It seems that Lloyds also did not make clear to Mr C that his accounts would not be reinstated. I can understand why it came as a disappointment to Mr C when he realised that he would not get his current account back, but it is not usual for a bank to reopen an account which has been the subject of a debt repayment arrangement and I cannot reasonably direct Lloyds to do so there.

Ordinarily, a consumer who is experiencing serious health and financial problems is entitled to expect the lender to afford them considerable flexibility in the repayment arrangements it is willing to accept. Here, Lloyds has gone beyond that and has, exceptionally, said that it will entirely write off Mr C's debt. That represents over £2,300 that Mr C will not now have to pay back at all.

In the circumstances, I do not consider that it is fair to require Lloyds also to pay a further £1,100 compensation. I find that the additional £150 that it has already offered – and which it is still willing to pay – is enough to settle Mr C's complaint fairly. My award takes account of the specific facts and circumstances of Mr C's complaint, and I don't have any standing to increase it to punish Lloyds or teach it a lesson.

my final decision

My final decision is that I direct Lloyds Bank PLC to write off Mr C's debt and pay him £150.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 24 October 2016.

Jane Hingston
ombudsman