

complaint

Mr B complains that Lloyds Bank PLC recorded incorrect information on his credit file.

background

Mr B says Lloyds recorded incorrect information on his credit file about three accounts:

- 1) His credit card account – this was partially satisfied in May 2010 when a £1,429.84 payment was made.
- 2) His current account – this was passed on to a third party debt collector in 2012. But the final statement he received showed a nil balance.
- 3) His loan account - this was passed on to a third party debt collector in 2012. But Lloyds was paid £484.09 to settle this account in February 2010.

Lloyds says it accepted £1,429.84 to settle Mr B's credit card debt. It accepts it didn't tell the credit reference agencies that this account had been partially satisfied. Lloyds has agreed to pay Mr B £100 compensation for this, and to update the credit reference agencies.

Lloyds doesn't think it made a mistake in relation to Mr B's loan and current accounts. It says the consolidated debt on these accounts was £1,613.64. It registered defaults on these accounts in September 2008. When it did this, Mr B's current account was closed with a nil balance. Lloyds says it offered to partially settle the debt in 2008 for £806.82. But it didn't receive a response. It accepts it received £484.09 towards this debt in March 2010. But it didn't accept it in full and final settlement of the debt. So the account wasn't settled. And the debt was passed on to a debt collector in 2012.

Our adjudicator recommended that the complaint should be upheld. He said Lloyds acted fairly when it registered the defaults. But he thought Mr B had made a concerted effort to pay what he owed after this. He thought it unlikely that such a specific figure (£484.09) was paid to Lloyds if it hadn't told Mr B that was what was needed to settle the debt.

Our adjudicator said that Lloyds should:

- amend Mr B's credit file to show that his loan and current accounts were partially settled in February 2010.
- tell the debt collector that the loan and current accounts were partially settled.
- pay Mr B £100 for the upset it has caused.

Lloyds disagreed with the adjudicator. It asked for the complaint to be reviewed.

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've reached broadly the same conclusions as the adjudicator, and for much the same reasons.

Lloyds accepts that Mr B's credit card account was partially settled in 2010, but it didn't update the credit reference agencies. So the only matter that remains in dispute is whether Mr B's loan and current accounts were partially settled in 2010. I can't be certain what happened at the time. But I find that Mr B's representative has been credible and provided detailed submissions about what happened. In the circumstances, I consider it likely that Mr B acted to partially settle all his accounts in 2010. Like the adjudicator I consider it unlikely that such a specific figure (£484.09) was paid in connection with his loan and current accounts if Lloyds hadn't said that was what was needed to settle the debt.

The letter that Mr B sent to Lloyds with the cheque for £484.09 said:

"Presentation of this cheque will confirm your acceptance that this payment will settle the account in full".

I consider that Mr B could reasonably expect Lloyds to decline this payment or contact him if it didn't agree to accept this money to partially satisfy the debt. But it didn't do this.

So I consider Lloyds should:

- amend Mr B's credit file to show that his loan and current accounts were partially settled in February 2010.
- amend Mr B's credit file to show that his credit card account was partially settled in May 2010 (if it hasn't done so already).
- tell the relevant debt collector that the loan and current accounts have been partially settled.
- pay Mr B £200 for the upset it has caused. This reflects the upset caused in relation to all three accounts.

my final decision

My final decision that Lloyds Bank PLC should:

- amend Mr B's credit file to show that his loan and current accounts were partially settled in February 2010.
- amend Mr B's credit file to show that his credit card account were partially settled in May 2010 (if it hasn't done so already).
- tell the third party debt collector that all Mr B's accounts have been partially settled.
- pay Mr B £200 for the upset it has caused. This reflects the upset caused in relation to all three accounts.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 27 April 2015.

Laura Forster
ombudsman