

## **complaint**

Mr E and Mr F complain that Lloyds Bank PLC is pursuing Mr E for a business overdraft debt that they do not consider he is responsible for. They also complain that they have been quoted different amounts for what is owed.

## **background**

Mr E and Mr F had a business loan and overdraft with Lloyds. Mr E entered into a concessionary payment arrangement with the bank on the basis that it would clear the loan, but not the overdraft. When the payment arrangement fell into arrears, Lloyds took steps to enforce a charge it has over Mr E's home, to recover what is owed on both the loan and the overdraft.

The adjudicator did not recommend the complaint should be upheld. He was satisfied that the concessionary arrangement included the loan and the overdraft, and considered it reasonable for Mr E to have known what he had to repay. The adjudicator was not persuaded that the overdraft was written off at the time of Mr E's bankruptcy.

Mr E and Mr F responded to say, in summary, that they did not know about the overdraft debt, which they understood had been written off at the time of Mr E's bankruptcy. They did not consider Mr E was responsible for paying it, and asked for the 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. 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 in light of the available evidence and the wider surrounding circumstances.

Having considered the available evidence, I am satisfied that in January 2005 the balance on Mr E and Mr F's loan account was just over £44,000 and the overdraft was just over £13,000. This made a total debt of roughly £57,000, which was quoted in the bank's concessionary arrangement letter to Mr E dated 19 January 2005.

Mr E was declared bankrupt later in 2005, but from the available evidence I am not persuaded that the overdraft was written off at that time.

Mr E says that he only ever received statements in connection with what was owed on the loan. From the available evidence, however, on balance I am satisfied that statements for the full concessionary amount (covering the overdraft and loan) were sent to him at his correct address.

Overall, therefore, I am satisfied that the loan and the overdraft were both included in the debt owed by Mr E to Lloyds, and consider it reasonable for him to have known this when the concessionary arrangement was agreed in 2005. I am also satisfied that the full amount of the debt was included in the annual statements sent by Lloyds to Mr E.

Mr E and Mr F complain that Lloyds has given conflicting information about how much is owed by Mr E. Having reviewed the bank's correspondence, I can see how confusion might arise, although I am not persuaded this affects the overall outcome of the complaint.

My understanding is that the bank's concessionary arrangement in 2005 included reduced interest of 4% above the base rate. Mr E's payments were allocated to this concessionary debt, but when the arrangement broke down, Lloyds recalculated the figures based on the original contractual interest rates that applied to the loan and the overdraft (the 'true' debt). It then reapplied Mr E's payments to the loan account. This meant the loan account reduced, but the overdraft account increased, making the total that Lloyds demanded from Mr E just under £52,000.

Lloyds has since accepted that its references to the 'true' debt and the 'concessionary' debt can cause confusion. It has decided, therefore, that any recovery action it takes will be based on the concessionary debt (which I understand to be about £40,000), rather than the higher amount that is the true debt. I consider this fair in the circumstances.

When I take account of the evidence overall, therefore, I do not consider there are any reasonable grounds on which I can uphold this complaint.

**my final decision**

My decision is that I do not uphold this complaint.

Caroline Stirling  
**ombudsman**