

### **complaint**

Mr A complains that Lloyds Bank PLC didn't update his credit file to show that he had completed in full the payments he needed to make under an individual voluntary arrangement (IVA). He would like Lloyds to compensate him for its failure to do so.

### **our initial conclusions**

The adjudicator didn't uphold the complaint. He said that when the IVA was set up Lloyds sold the debts to a debt collecting company. So any delay in updating Mr A's credit file wasn't Lloyds' responsibility. But Mr A says Lloyds should have told the company the debt had been cleared.

### **my final decision**

To decide what is fair and reasonable in this complaint, I have considered everything that Mr A and Lloyds have provided.

Mr A had two accounts with Lloyds which were defaulted in 2009. The defaults were recorded on his credit file. In July 2012 Mr A, with the help of an insolvency adviser, set up an IVA. As Lloyds' policy is to sell debts subject to an IVA, it sold the debt to another company in August 2012. In December 2012 Mr A paid off all the money owing under the IVA. It seems that the debt collecting company only informed Mr A's insolvency adviser that it had acquired the debt in January 2013, after the IVA was completed. This explains why the insolvency adviser informed Lloyds rather than the other company when the IVA was completed. That company finally updated Mr A's credit file in April 2014. I have not considered whether it should have done this sooner because this complaint is about Lloyds.

I consider that Lloyds was entitled to sell the debt in August 2012. Once it had done so its involvement with Mr A effectively ceased. The responsibility for managing the debt and ensuring that the information relating to it on Mr A's credit file was correctly passed to the company that had purchased the account. I am satisfied that Lloyds' expectation that, having sold the debt, it would have no further involvement in this matter was reasonable.

**My final decision is that I do not uphold the complaint.**

**Under the rules of the Financial Ombudsman Service, I am required to ask Mr A either to accept or reject my decision before 9 September 2014.**

*Melanie McDonald*

*ombudsman at the Financial Ombudsman Service*

The ombudsman may complete this section where appropriate – adding comments or further explanations of particular relevance to the case.

#### **ombudsman notes**

#### **what is a final decision?**

- A final decision by an ombudsman is our last word on a complaint. We send the final decision at the same time to both sides – the consumer and the financial business.
- Our complaints process involves various stages. It gives both parties to the complaint the opportunity to tell us their side of the story, provide further information, and disagree with our earlier findings – before the ombudsman reviews the case and makes a final decision.
- A final decision is the end of our complaints process. This means the ombudsman will not be able to deal with any further correspondence about the merits of the complaint.

#### **what happens next?**

- A final decision only becomes legally binding on the financial business if the consumer accepts it. To do this, the consumer should sign and date the acceptance card we send with the final decision – and return it to us before the date set out in the decision.
- If the consumer accepts a final decision before the date set out in the decision we will tell the financial business – it will then have to comply promptly with any instructions set out by the ombudsman in the decision.
- If the consumer does not accept a final decision before the date set out in the decision, neither side will be legally bound by it.