

## **complaint**

Ms H complains that Lloyds Bank Plc (previously Lloyds TSB Bank Plc):

- failed to offer reasonable assistance when she asked it for help with her financial position;
- continued to allow payments to go out of her account after she had moved her banking elsewhere; and
- did not keep her properly informed about the position on her account.

Ms H says that this caused her overdraft to rise, incurred additional charges, and damaged her credit history.

## **background**

By November 2010 Ms H realised she was in financial difficulty and booked an appointment at her branch to review her accounts. The day before the meeting, Lloyds contacted her by telephone. Ms H says she was told that, because of the position on her accounts, it was unlikely that the branch would be able to help and she was directed to its customer support unit instead. However, the customer support unit was unable to help Ms H because there was a business banking link on her account, and directed her back to the branch.

After getting advice elsewhere Ms H decided to repay her loans and credit card account with Lloyds using her savings, and move to another bank. Ms H's last salary payment to the account was in February 2011. She continued to use the account for direct debits, point of sale transactions and cash machine transactions during the rest of February and in March.

By April 2011, following the application of charges for March, the current account was overdrawn by £1,518.24. After that, drawings from the account were limited to a monthly direct debit for a Lloyds insurance premium of £7.64 and a monthly continuous payment authority of £7.99 to a third party for credit services.

Ms H says she had arranged for all her direct debits to be transferred to her new account. She considers that Lloyds should therefore not have continued to debit the insurance premium and other monthly payment after she had told it she was moving her account and it was clear that she was not paying any more money into the account.

The overdrawn balance on the account continued to rise, and Lloyds eventually transferred the account to its recoveries department and contacted Ms H about repaying the debt. Ms H did not consider that she should be required to pay more than the balance that had been outstanding on the account when she moved her banking elsewhere. She says that she did not appreciate what had happened on the account, because she had not received any of the bank statements showing the building overdrawn balance.

Ms H considers that, had Lloyds given her proper advice and help at the start, the liquidation of her savings and investments, the debt on the current account and the resultant damage to her credit history could all have been avoided and she could have been spared a lot of stress.

An adjudicator investigated the complaint. She thought it more likely than not that Ms H had asked Lloyds to transfer all her direct debits to her new account, including the one for the Lloyds insurance premium. However, the adjudicator did not consider that it was the continued payment of the remaining direct debit that had caused the disputed debt on the account. That is because there was already an overdrawn balance on the account before Ms H moved banks, which generated charges, as well as a monthly account charge and the continuous payment authority that Ms H had left in place.

The adjudicator agreed that Lloyds should have arranged to review Ms H's accounts with her when she asked it to in November 2010, and noted that it had paid her £50 for its administrative failing. The adjudicator was also satisfied that Lloyds had continued to send Ms H monthly statements for her account. Given that Ms H said she had received earlier statements and had also received other notifications and correspondence sent to her by Lloyds, the adjudicator concluded that Ms H had probably seen the statements and so could have taken action to stop the payments from her account.

Ms H did not agree with the adjudicator's conclusions. She said, in summary:

- The adjudicator agrees that Lloyds should have reviewed her accounts when she asked it to. If that had happened, she would not now be in this difficult position. The responsibility lay with Lloyds, not with her, to make contact. Lloyds was not interested in helping; if she had not taken steps to help herself, she could have been in a far worse position.
- She does not understand where Lloyds thought the money to pay the direct debit was going to come from. It could see that she was not funding the account any more and, taken in addition to her earlier request for a financial review, it should have known that she did not intend the direct debit for the insurance premium to continue.
- She has repaid the amount of the overdraft that she considers she is, fairly, liable for. She continues to make repayments within her means.
- She is not responsible for the post; she did her banking online up to January 2011 and did not get statements.
- The £50 Lloyds has paid her does not go anywhere near covering the loss she sustained when she liquidated investments in order to repay her loans and credit card debt, or the early repayment charges on the loans. She has also been caused substantial stress and worry.
- The adverse credit reference information registered by Lloyds will affect her ability to borrow or enter into financial commitments in the future. She would like the ombudsman to at least uphold her complaint in part, and direct Lloyds to remove the default from her file once the debt is cleared.

## **my findings**

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

Like the adjudicator, I consider that Lloyds should have provided a face to face or telephone discussion for Ms H to review her accounts and her financial situation with it. I realise that Ms H believes that the difficulties that arose after that all flowed from Lloyds' failure to conduct a review.

However, I am not persuaded that a review meeting with Lloyds would – of itself – have enabled her to avoid using her savings or investments, regularised her financial position and avoided adverse credit information. I note that Ms H says she took independent financial advice before taking the step of liquidating her investments, and it seems likely to me that – given her financial position at the time – she would always have faced having to take difficult steps to avoid things getting worse.

Having decided to move her bank account away from Lloyds, Ms H says that she told Lloyds what she had decided and made arrangements to transfer all her direct debit payments to her new bank. Lloyds continued to pay the direct debit for the Lloyds insurance premium, as well as a continuous payment authority. I can appreciate why Ms H feels that, since she was not paying any money at all into the account, Lloyds should not have continued to pay these amounts for as long as it did.

Equally, though, Ms H had already accrued a large overdrawn balance on the account while she was still using it. Moving bank accounts would not make any difference to that, and she would have known that the debt would continue to attract charges and interest until it was repaid. I am not persuaded that the damage in that regard was caused by the continued direct debits.

Like the adjudicator, I am satisfied that regular statements were issued to Ms H for her account. She has said that she did not receive them, though she does appear to have received other communications sent from Lloyds to the same address. If, as she says, she had online banking then Ms H would not in any event have been dependent on paper statements to know what was happening on her account. It was open to her to cancel the payments when she saw they were still going through, and make a repayment offer on the overdraft debt to avoid the debt increasing further.

In all the circumstances, I do not consider that Lloyds is liable to compensate Ms H for the additional overdraft debt that accrued, or for the consequences of the adverse credit reference information that was generated.

### **my final decision**

Given my findings, my final decision is that I do not uphold this complaint.

Jane Hingston  
**ombudsman**