

complaint

Miss L complains that Lloyds Bank plc has continued to treat her unfairly after a previous complaint. It hasn't answered her telephone calls, causing unnecessary delays, which led to a potential tenant pulling out of leasing her premises.

background

In 2014 Miss L complained that Lloyds mis-sold a number of business loans. Lloyds agreed to pay an 'all in' amount of £40,000 to settle the complaint, which Miss L accepted in September 2015. Lloyds accepts that it took too long to contact Miss L about the redress and then applied the full amount to reduce her loans. It later agreed to send her a cheque for the amount of the award for the distress and inconvenience she had been caused.

Between April and August 2015 Miss L says that both she, and her solicitor, tried to contact Lloyds to discuss the possibility of leasing her property. Due to a lack of response from Lloyds about this, the prospective tenants pulled out to find alternative premises.

The adjudicator thought this complaint should be upheld in part. She wasn't persuaded that Lloyds' actions had caused any delay to the lease. But she did agree that there had been a three month delay in Lloyds contacting Miss L after her earlier complaint; Miss L's telephone calls hadn't been returned and Lloyds hadn't tried to work with Miss L to find an acceptable way forward. She suggested that Lloyds pay £400 for the upset and unnecessary stress this had caused.

Miss L disagreed. She said, in summary, that Lloyds had lost her a tenant and five years of income; the bank hadn't discussed with her the way that the £40,000 should be allocated nor had any meaningful discussion to agree a way in which she could repay her debts.

my provisional decision

After considering all the evidence, I issued a provisional decision on this complaint to Miss L and to Lloyds on 28 October 2016. I summarise my findings:

- Lloyds had taken too long to contact Miss L about the £40,000 redress from her original complaint and then had applied the whole amount to reduce Miss L's debt. It wasn't reasonable for Lloyds to apply the distress and inconvenience element to the reduction of the debt.
- Miss L still had expensive credit card debts and the redress amount had been increased to cover the interest on these. I considered that Lloyds should allow Miss L £2,500 to reduce this and make a payment towards the additional interest she'd incurred.
- There was poor communication between Lloyds and Miss L when she asked whether the bank would provide its consent to a lease but I wasn't persuaded that the withdrawal of the prospective tenants was entirely the fault of the bank.
- Lloyds was seeking full repayment of Miss L's debt and said it wasn't looking to enter into a repayment arrangement. It had given Miss L three months to voluntarily sell her property. Miss L was suggesting she had another offer to lease the property. Both parties needed to fully cooperate to negotiate a way forward.

- Lloyds was entitled to make its own decisions about whether it will accept repayment on a monthly basis or if it requires the debt repaying in full. Its debt recovery procedures generally were matters for its own commercial judgement, with which I can't properly interfere – though it must treat Miss L fairly
- Lloyds didn't return calls when it was asked to, which did cause Miss L upset and inconvenience over time. And it didn't discuss the £40,000 redress payment with her.

Subject to any further representations by Mr D or TSB, my provisional decision was that Lloyds should allow Miss L to use £2,500 to reduce current outstanding credit card debts, pay £350 towards the additional credit card interest she has incurred and pay her £500 for the trouble and upset it has caused because of its poor service.

Lloyds accepted my provisional decision. It said that it had asked how this was to be allocated at the time and agrees that it should have contacted Miss L. It says it will now allocate the £40,000 redress in accordance with her wishes.

Miss L responded to say, in summary, that she didn't receive a cheque for the distress and inconvenience element of the award and her credit card interest was far higher than I calculated.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. The further representations that both parties have made don't alter my opinion about the overall outcome to this complaint.

Miss L said that she hadn't received a cheque for £1,700 representing the 'compensation' element of the award but Lloyds told this service that it sent it to her in December 2015. If it didn't do so, then it should send it now, together with interest of 8% simple from 22 December 2015 to the date it is sent.

I also take Miss L's point about the rate of interest charged on her credit card account. The Lloyds account shows that this increased and was 29.44% in July 2015. I now calculate the additional payment to be £700.

Lloyds has put action on hold whilst this complaint has been ongoing. It has now agreed to contact Miss L to discuss how the £40,000 redress should be allocated. Miss L has said that she wishes to let her property but Lloyds has made it clear that it wants the full debt repaid. To avoid unnecessary legal costs, I would urge both parties to now negotiate a clear and mutually acceptable repayment plan.

my final decision

My final decision is that I uphold this complaint in part. I require Lloyds Bank plc to:

1. Discuss and agree with Miss L how the £40,000 should be allocated, allowing her to use at least £2,500 to reduce current outstanding credit card debts.
2. Pay £700 towards the additional credit card interest she has incurred.

3. Pay £1,700 redress from the £40,000 if it didn't do so in December 2015 (if this is what Miss L requires), together with interest at 8% simple from 22 December 2015 to date of payment.

If Lloyds considers it has to deduct tax from the interest element of my award, it should send Miss L a tax deduction certificate when it pays her. She can then use that certificate to try to reclaim the tax, if she is entitled to do so.

4. Pay Miss L £500 for the trouble and upset it has caused because of its poor service.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss L to accept or reject my decision before 19 December 2016.

Karen Wharton
ombudsman