

complaint

Mr and Mrs P complain that Lloyds Bank PLC should have done more to help them keep their various businesses going. The bank shouldn't have allowed properties to be sold for such a low price. They're concerned Lloyds may have charged them too much interest and made things more difficult for them by closing a local branch.

They want Lloyds to reduce the amount they now owe – and for the various staff to be reprimanded for not helping them. Mr and Mrs P are helped in their complaint by Ms S.

background

The details of this long-standing complaint are well-known to Mr and Mrs P, their representative – and to Lloyds. So here I only give a brief summary:

- Mr and Mrs P had three businesses; both jointly and each on their own;
- Lloyds provided loans and financial support (for example overdraft facilities) to all three businesses – secured on the three properties associated with them;
- As the businesses were struggling to meet the various requirements of the bank, in August 2012 Lloyds issued a formal demand for repayment of the money owed;
- In March 2013, the bank gave Mr and Mrs P three months to sell two of the properties;
- As this hadn't happened by the end of June 2013, the bank appointed receivers (under the Law of Property Act) ("the LPA receivers");
- The properties were sold – but there was still money owed to the bank, so Lloyds suggested ways in which the amount could be repaid; and
- Interest was frozen on the various loans from December 2013 (but was due to be charged again from mid-October 2015).

In summary, Mr and Mrs P – and Ms S, who was helping them – weren't happy with what the bank had done (and was doing at the time). And they thought some of Lloyds' staff had been rude and unhelpful. They complained to the bank. Lloyds responded in March 2013.

Mr and Mrs P (through Ms S) complained again to the bank again at the end of 2014. In January 2015, Lloyds said it wasn't going to reconsider the issues they'd already raised nearly two years earlier. But the bank did confirm it was entitled to seek recovery of money owed to it (through sale of the properties by the LPA receivers). And that it was entitled to charge interest until the amount due was repaid. Lastly, it explained the local branch had been closed as part of its on-going review of its business operations.

Mr and Mrs P (again through Ms S) weren't happy with the bank's response, so they contacted us.

One of our adjudicators started to look into Mr and Mrs P's complaint. But she pointed out that we couldn't look at the issues that had been raised with Lloyds earlier – those covered by the bank's response in March 2013. We can only look at complaints if they're brought to us within six months of when the bank responds. And Mr and Mrs P hadn't done that.

But the adjudicator confirmed there were some areas we could look at – namely those that the bank had responded on in January 2015:

- the closure of the local branch;
- how the bank had gone about getting its money back (by selling the properties through the LPA receivers); and
- the interest that Mr and Mrs P had been charged (since 2013).

The adjudicator explained it was for Lloyds to decide how it provided services to its customers. The bank had explained why it'd closed the local branch and we can't interfere in such matters unless a bank hadn't exercised its commercial judgement legitimately. And that wasn't the case here.

She explained the bank was entitled to seek recovery of money due to it. The adjudicator recognised Mr and Mrs P (and Ms S) weren't happy with the actions of the LPA receivers. They thought the properties hadn't been marketed properly or sold for a fair price. But the adjudicator also explained the LPA receivers were appointed to act on behalf of the borrower – not the bank. If Mr and Mrs P had any concerns about the LPA receivers' actions they'd need to take them up with them direct.

Last, the adjudicator noted Lloyds hadn't first applied the sale proceeds to the debts with the highest interest rate – as expected. But as interest hadn't been charged on the debt(s) since the properties were sold, she didn't think this had impacted negatively on Mr and Mrs P.

Ms S, on behalf of Mr and Mrs P, responded to say she didn't agree with the adjudicator's view. So the matter's been referred to an ombudsman to review and give a final decision on. In summary, Ms S has re-stated Mr and Mrs P's concerns – that the bank acted with undue haste and it should take some responsibility for the actions of the LPA receivers.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I can see Mr and Mrs P – and indeed Ms S – feel quite strongly about what's happened. That's clear from what's been said to us (and to Lloyds over the years). And that's not surprising. It's understandable that Mr and Mrs P are upset their various businesses haven't been as successful as they'd perhaps hoped. I'm sure they've put a lot of time and effort in to trying to make them work.

But I'm afraid I have to tell Mr and Mrs P that I think the adjudicator's reached the right outcome here. I don't think Lloyds has done anything particularly wrong. Indeed, there's very little I can add to what the adjudicator's already told them. I think she set out the position quite clearly and thoroughly.

It is a matter for a bank to decide where it has its branches. I'm sure that having to travel further to deal with Lloyds was an inconvenience for (in particular) Mr P. But the bank's explained the reasons for its decision – one that it's entitled to make.

I can only re-state what the adjudicator's said about the role of the LPA receivers. She's right that they really act for the borrower(s), not the bank. If Mr and Mrs P (or Ms S on their behalf) have concerns about the actions of the LPA receivers, they should take them up direct with them.

The adjudicator's right that Lloyds perhaps hasn't done the right thing in terms of how it applied the sale proceeds in terms of the interest rates charged on the various amounts owed. But the bank hasn't been charging interest on the debt(s) since the end of 2013. That's to Mr and Mrs P's advantage. So I don't think any action's necessary here. But I recognise the position's going to change – or has recently done so.

And it's worth me saying that I agree with the adjudicator's view about the issues Mr and Mrs P raised with Lloyds some years ago. It's now too late to bring those to us.

None of the above is to suggest I don't sympathise with Mr and Mrs P's position – far from it. I can see their businesses have been important to them and they're naturally upset that they've not succeeded, whatever the reasons are. I'm sure this is a factor in them thinking the bank (and perhaps some members of staff in particular) hasn't been as helpful as they'd have liked or hoped.

In summary, I don't think Lloyds has acted wrongly here. There's no reason to reduce the amount Mr and Mrs P owe to the bank. And while I recognise Mr and Mrs P will be disappointed with this – many of the issues they've raised (through Ms S) now are not 'new' and aren't ones we can look at.

Given how strongly Mr and Mrs P feel about things, they may want to pursue them through other means. But my decision brings to an end what we – in trying to resolve their dispute with Lloyds informally – can do for them. I'm sorry to disappoint Mr and Mrs P.

my final decision

For the reasons I've given, my final decision is that Lloyds Bank PLC doesn't have to take any action to address the issues Mr and Mrs P have raised about the money they owe the bank.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs P to accept or reject my decision before 18 December 2015.

Andrew Davies
ombudsman