

complaint

Miss C complains that Lloyds Bank PLC is unfairly pursuing her for a debt she believed it had written off.

background

Lloyds says Miss C had entered into an Individual Voluntary Arrangement (IVA) in 2006 – and so when the IVA came into force, Miss C's debt was recorded as 'written off'. And this was the position in 2009 when Miss C first complained to this service about charges applied to her current account. But when the IVA failed, the balance became outstanding once again. And since then, Lloyds and its appointed collection agencies have been entitled to seek payment of the debt.

Our adjudicator didn't recommend upholding Miss C's complaint because he felt Lloyds had explained its position fairly and reasonably.

Miss C is unhappy with this outcome and she's asked me to consider her complaint.

my findings

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

I can appreciate why Miss C might have assumed, after being advised the debt was 'written off', that she wouldn't be pursued further for repayment of it.

I don't find it was unreasonable that Lloyds said the debt had been 'written off' previously, because that reflected its position at the time when we passed that information on to Miss C.

But our adjudicator has explained that if agreed payments aren't kept up under an IVA and it ultimately fails before the agreement is completed, then the debtor becomes personally liable again for making new payment arrangements with creditors.

And based on the information provided, I haven't seen anything else that might suggest Lloyds isn't entitled to pursue Miss C in the normal way for payment of money it says she owes the bank.

I agree with our adjudicator that Lloyds' explanation about what's happened is fair and reasonable in these particular circumstances.

my final decision

For these reasons, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I am required to ask Miss C to accept or reject my decision before 21 May 2015.

Susan Webb
ombudsman