

complaint

Ms D complains that Lloyds Bank PLC failed to act on her instructions to remove her name from a joint account in 2007; as a result, Ms D has been pursued by a debt collection company.

background

Ms D and her former partner held a joint account with Lloyds. In 2007 Ms D asked the bank to remove her name from the account. The bank says that when Ms D contacted it the account was overdrawn, so that it could not remove her name from the account. Ms D's recollection is that the account was in credit at the time.

In 2013 a debt collection agency contacted Ms D. Ms D believes she is not responsible for the debit balance on the account, but has offered to pay 50% to the debt collection company. She made that offer solely to preserve her credit history. Ms D blames the bank for the position she finds herself in and maintains that the debt is not hers.

Our adjudicator found that the account was overdrawn when Ms D contacted the bank in 2007, so that the bank could not remove Ms D's name from the account - and so Ms D remains liable for any debt on the account. However, our adjudicator suggested that the bank pay £150 for the distress and inconvenience caused by writing to Ms D at incorrect addresses when trying to respond to her complaint.

The bank accepts our adjudicator's findings, but Ms D is unhappy with our adjudicator's view and says that she should have no continuing liability for the account. She still thinks there was a credit balance on the account when she instructed the bank to remove her name.

my findings

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

It is common ground that Ms D held a joint account with the bank, and that in 2007 she asked the bank to remove her name from that account. If the account was in credit, the bank could (and should) have removed Ms D's name from the account.

Ms D has produced a Land Registry document showing a transfer of title in July 2007. I find that Ms D returned her bank cards to the bank and signed removal forms. This was clearly part of an overall effort to separate her financial affairs.

The bank has produced bank statements for the period from 15 January 2007 until the account was closed on 2 February 2009. I find that throughout 2007, the account was only in credit for eight days (and all of those days were in February 2007).

Ms D's clear memory is that the account was in credit when she contacted the bank. The bank's internal customer information record indicates that Ms D asked that her name be removed from the account in April 2007. Understandably, Ms D cannot recall the exact date she contacted the bank, but consistently refers to holding the account until "...early 2007". The documents relating to the transfer of title of a property are dated July 2007.

I have seen a screen print of the bank's customer service notes. They clearly record that on 2 April 2007 the bank wrote to Ms D and told her that it could not remove her name from the account, and on 5 April 2007 the bank spoke to Ms D and "...advised that until the OD was cleared and removed we would be unable to do that...."

I therefore come to the conclusion that the account was overdrawn when Ms D instructed the bank to remove her name, and that it has remained overdrawn. The bank's system notes say that it advised Ms D that the account was overdrawn and that her name could not be removed from the account until the overdrawn balance was cleared.

I have a copy of the terms and conditions for the account. They say that all account holders have to instruct the bank if the account is to be transferred to one sole name. They also say that all account holders are jointly and severally liable for debit balances.

I therefore come to the conclusion that in these circumstances it would not be reasonable for the bank to remove one person from a joint account and leave the remaining account holder liable for the debit balance without their knowledge.

Between 5 April 2007 and the date the account was closed (2 February 2009), the debit balance increased by £107.18. I have copy bank statements which indicate that the increase in debt was caused by overdraft interest and bank charges. There was not a lot of activity on the account between 5 April 2007 and 2 February 2009, but over that time £266.31 was drawn from the account, while £360.39 was credited to the account; so that the credits were £94.08 greater than the debits.

I consider it would have been good practice for the bank to have taken steps to prevent further transactions from being made from the account once it was on notice of the breakdown in Ms D's relationship with her ex-partner. But, given that the balance has only increased because of interest and charges, I don't find that Ms D has suffered any financial loss because the bank did not do so.

Ms D will not be happy with my conclusions. She was understandably distressed to hear from a collection agency in 2013, when she believed that her involvement with the bank was behind her. The bank can only have increased her distress by writing to Ms D at an address she left in 2007. Ms D had to chase the bank for a response twice.

I agree with our adjudicator that some payment should be made for the increased distress and inconvenience caused by the bank's handling of Ms D's complaint.

I find that £150 is the appropriate measure of payment for the distress and inconvenience caused, because of the additional time and effort that Ms D had to invest in pursuing her complaint.

my final decision

My final decision is that the bank has made a fair offer. I direct Lloyds Bank PLC to pay Ms D £150 for the distress and inconvenience suffered as a result of clerical errors made when responding to the complaint.

Paul Doyle
ombudsman