

## **complaint**

Mr R complains that Lloyds Bank PLC sold his debt to a third party and has not engaged with him properly over the sale.

## **background**

In 2009 Mr R lost his job and in due course found himself in financial difficulties. He had built up a sizable overdraft on his current account and notified the bank in January 2013 that he was unable to pay it off. The bank asked for details of his income and expenditure and this was sent to them in April 2013. The bank agreed to freeze interest and charges from April, however, it continued to apply both charges and interest to Mr R's account. It acknowledged this error when Mr R complained and repaid the money taken by mistake and paid him compensation of £75.

The bank decided to close Mr R's account and to sell the debt to a debt collection business. Mr R objected and challenged the bank's right to do so. The bank rejected his complaint and after it refused to enter into further correspondence he brought the matter to this service.

The adjudicator did not recommend that this complaint be upheld. She concluded the bank was entitled to sell the debt. She also considered that the bank was not obliged to refund interest and charges for the period from January 2013 when Mr R first notified the bank of his financial problems. Mr R did not agree saying that the bank's right to sell had not been properly established.

## **my findings**

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. Where necessary and / or appropriate, I reach my decision on a balance of probabilities – that is, what I consider is most likely to have happened in the light of the available evidence and the surrounding circumstances.

Mr R incurred a sizable debt due to his financial problems. He is now disputing the bank's actions in seeking to deal with the debt. When it was first notified of his problems the bank asked for details of his income and expenditure. As I would expect, when this was provided, it agreed to suspend interest and charges. It made an error and continued to take interest and charges, but it has remedied this and has paid Mr R compensation. I gather that Mr R no longer considers that the freeze on interest and charges should apply from January 2013 when he first told the bank of his problems.

However, he disputes the bank's right to sell his debt. He opened his account with the bank some 45 years ago and I have not seen the original terms and conditions. It is standard practice for banks, including Lloyds, to include a right to sell or assign a debt if it so chooses in their terms and conditions. I have no reason to believe the terms and conditions accepted by Mr R would have been any different from the standard ones. As explained above I make my decision on the balance of probabilities and on that basis I am satisfied that the bank has the right to sell Mr R's debt. He has asked if that right is statutory or contractual and the adjudicator has confirmed it is the latter.

I also note that he has queried the evidence to show that the sale actually took place. The bank has confirmed that it sold the debt and Mr R has been in correspondence with the business that now owns the debt. I consider that to be sufficient to show that the debt has been sold. The bank is entitled to use its commercial judgement in handling debts and if it decided that selling the debt was the most appropriate course of action I can see no grounds to stop it doing so.

I would recommend that Mr R engage with the new owner of the debt to explore how he can deal with it. For its part the debt collection business should deal with Mr R positively and sympathetically in helping him resolve his financial difficulties.

### **my final decision**

My final decision is that I do not uphold this complaint. Under the rules of the Financial Ombudsman Service, I am required to ask Mr R to accept or reject my decision before 6 January 2015.

Ivor Graham  
**ombudsman**