

complaint

Mr E complains that Lloyds Bank plc registered a default on his credit file without warning him.

background

Mr E closed his credit card account with Lloyds in late 2012. But he's recently discovered that Lloyds registered a default on his credit file in July 2011. He says Lloyds told him during a phone call to stop making payments. He says he was told that if he did so, his account would be dealt with by Lloyds' collections department, and he'd be able to arrange to make payments without being charged interest. He says no mention was made of a default being recorded.

Mr E says that if he'd been told that Lloyds would register a default on his credit file if he didn't bring the account up to date, he'd have done so. And he says that the debt collection company Lloyds appointed told him that if he paid the outstanding balance in full, it would be as if he'd never had the debt. He's dissatisfied that Lloyds hasn't provided him with a copy of the default notice. He's also unhappy that Lloyds appointed a debt collection company. He'd like Lloyds to remove the default from his credit file.

Our adjudicator didn't recommend that the complaint should be upheld. In summary, she was satisfied that Lloyds had sent the default notice and she didn't think Lloyds had been wrong to default the account. She said that Lloyds was entitled to appoint the debt collection company. This is standard industry practice. And she explained that she couldn't consider information the debt collection company had given to Mr E, as the complaint was against Lloyds.

Mr E's unhappy with the adjudicator's view. He doesn't think that system notes are a good enough record of his conversations with the bank. And he still believes that it's unreasonable of Lloyds not to have a recording of the call in which he was told to stop making payments or a copy of the default notice. He doesn't believe that it sent a default notice. So he still thinks Lloyds should remove the default.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Having done so, I've reached the same conclusion as the adjudicator, for similar reasons.

I acknowledge that Mr E says he was told to stop making payments to the account. But Lloyds' records show that Mr E told it he was experiencing financial difficulty, and it told him to keep making the payments that he could afford. It has no record of Mr E having been told that he should stop making payments.

Where the evidence is incomplete, inconclusive or contradictory (as some of it is here) I reach my decision on the balance of probabilities – that is what I consider is most likely to have happened, given the evidence that is available and the wider circumstances. Having done so, I think it unlikely, on balance, that Lloyds would have advised Mr E to stop making payments. I acknowledge that Mr E's dissatisfied that Lloyds doesn't have a recording of the call. But his complaint relates to events in 2011 and I don't consider it unreasonable that Lloyds doesn't have recordings of the phone conversations it had with him then.

Lloyds' system notes show that it sent Mr E a default notice in March 2011. I acknowledge that Lloyds doesn't have a copy of the notice itself. But I don't consider that unreasonable. And I'm satisfied, on balance, that Lloyds sent the notice. I've seen a template of the letter that would have been sent. And it explains that a default will be recorded if the arrears aren't cleared by a given date.

In July 2011, when Lloyds registered the default, Mr E's account had been in arrears for more than eight months. So I find that Lloyds was entitled to register the default, which was an accurate reflection of the state of Mr E's account at the time.

Lloyds eventually appointed a debt collection company to manage Mr E's debt, as it was entitled to do. Mr E closed the account with a zero balance late in 2012. But it is normal for a default to remain on a credit file for six years after it's recorded. And that is the case whether or not the account holder subsequently clears the debt. It follows from what I've said that I don't find that I can reasonably require Lloyds to remove the default from Mr E's file or take any further action.

my final decision

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 3 March 2016.

Juliet Collins
ombudsman