

complaint

Mr B complains about an outstanding balance which remains on his credit card account with Lloyds Bank PLC despite a debt management plan being in place. Mr B has been assisted in bringing his complaint by his wife.

background

In February 2011 Mr B told Lloyds, via a debt advice service, he was in financial difficulties. A debt management plan was agreed from April 2011. Under the plan Mr B was charged a reduced rate of interest on the balance and he was to make the minimum payment due each month. Mr B told us he thought the agreement was in place until early 2016 when there should've been nothing left to pay. He said he was upset to learn, then, that Lloyds said there was still a substantial balance owed on the card. And he wanted Lloyds to remove the balance.

Lloyds said the April 2011 plan was agreed for six months due to financial hardship. But, the plan was suspended in August 2011, when further proposals for Mr B's payments were received from the debt advice service. The proposals were accepted and the interest rate reverted back to the original rate and has applied since. So, they didn't think they'd done anything wrong then. But Lloyds accepted that they should've done more in August 2014, when Mr B's account fell into arrears. Lloyds said they should've identified at that point, that Mr B's difficulties were not short term. So, the bank agreed to refund his account with all interest and charges from August 2014, a total of £3222.52. Lloyds also suspended all future interest and charges on the account. And they credited £50 to the account to compensate Mr B for the distress and inconvenience this mistake had caused.

Our adjudicator didn't uphold the complaint. He found Lloyds had sent regular statements to Mr B's correct address, showing the outstanding debt. He thought Lloyds had treated Mr B fairly and reasonably by refunding the interest and charges from August 2014 and stopping any further interest and charges on the account. Mr B didn't agree. He told us he was aware of a case where, when Lloyds knew of financial difficulties, they'd removed all interest and charges from the account, not just refunding part, as they'd done in his case, from 2014. So, the case has come to me for a decision.

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 come to the same conclusion as the adjudicator and for the same reasons.

It's clear a debt management plan was agreed from April 2011. What's in dispute is how long that plan was actually in place for. Mr B thinks it remained in place until 2016 by which point the balance on the account should've been fully paid. But Lloyds disagree. They say it was originally agreed for six months but actually suspended after five in August 2011, as new payment proposals were made by the debt advice service offering *more* than the minimum payment. And, during the plan, Mr B had made a number of monthly payments of *more* than the minimum balance the bank required, which suggested he wasn't suffering from hardship.

I have considerable sympathy for the situation Mr B finds himself in. It appears to me he's taken a responsible approach to his financial situation from 2011. He's made payments towards the debt over a long period, and that's to his credit. But I'm afraid I've seen nothing

which supports a debt management plan being continually in place from April 2011 to 2016 where the interest and charges were suspended, as he believes. On the contrary, I've seen a number of indicators which support there was no plan in place from August 2011 *and* that Mr B would've been aware of this.

Lloyds' records show they received a proposal, from the debt advisory service, on 17 August 2011 offering the monthly payments which Mr B could afford. And they were *more* than the minimum payment required. Debt management plans are offered to alleviate hardship. But, by offering and actually making *more* than the minimum payment, Mr B showed he wasn't struggling to make the minimum payment, so interest was reapplied and there was no hardship or payment plan from that point. And, that was shown in the monthly statements I've seen, showing the interest rate increasing in August 2011 and remaining at that level. Lloyds's records also show no further contact from either Mr B or the debt advice service until 2015. But it's clear from the statements he had further payment difficulties in 2014.

I've looked at the information Mr B received from the debt advice service. And I appreciate what he's said about that showing the balance due in January 2016 as nil. But the adjudicator's explained those records also note that it's an *estimated* balance and the success of the plan relies on the on the customer updating them regularly. Ultimately, it's the responsibility of Mr B, or any representatives nominated by him, to manage the account. There's nothing to suggest Mr B didn't get his statements. So, throughout this period, Mr B had a monthly update from the bank of the *actual* balance, payments, monthly interest charged and the rate of interest. So he'd know there was a different overall balance on the statement to the one shown on the information from the debt advice service. And he'd see interest being added each month. But I can't see that Mr B, or the debt advice service, contacted Lloyds until 2015.

I'm aware Mr B's referred us to another instance where Lloyds refunded all interest and charges to the account of a customer in financial difficulties. But it's the role of this service to consider each complaint individually and on its merits. And I've taken into account that we expect banks always to treat customers who are in financial difficulty positively and sympathetically. But that doesn't mean Lloyds must remove all interest and charges on request. Lloyds agree they should've done more in August 2014. But I think their actions now - in refunding all interest and charges from August 2014 and suspending future interest and charges on the account from that point, along with £50 compensation— are fair and reasonable. So, whilst I know Mr B, and his wife, feel strongly about this, I can't say Lloyds hasn't already responded fairly and reasonably to this complaint. So, I don't require them to take any further action.

It appears no payments have been made to this account whilst this complaint has been ongoing. And, I understand there are proposals in place to default the account. I would urge Mr B or his representative to liaise with the bank concerning future payments promptly.

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 B to accept or reject my decision before 5 May 2017.

Annabel O'Sullivan
ombudsman