

complaint

Mr S complains that Lloyds Bank PLC agreed to stop applying interest to his credit card balance because he would be paying the outstanding amount in full but then did so anyway. He is unhappy that the debt has been passed on to a debt recovery organisation.

background

Mr S has a credit card account with Lloyds. He says he owes the bank £11,500 which is the credit limit on his account. He told Lloyds he wanted to pay the outstanding balance and says they agreed to put his account on hold and waive any further interest until he did so. Mr S is unhappy that he received a letter from Lloyds saying he owes more than £15,000 and that they have passed his debt to a debt recovery organisation.

Lloyds say waiving interest in the way Mr S suggests is not part of their usual procedures and they cannot find any evidence to substantiate any agreement on this basis. They say that interest has not been applied to his account since November 2016 due to the missed payments and arrears on his account. Mr S's debt has been passed to a debt recovery organisation in keeping with the terms and conditions of his account.

Our investigator found that Lloyds have not done anything wrong. Interest was charged to Mr S's account in line with its terms and conditions and there was no evidence to suggest that Lloyds had agreed to put his account on hold preventing further interest being added to the balance. Lloyds closed Mr S's account around the end of October 2016 and no further interest has been charged since November 2016 which our investigator thought was more than reasonable.

Mr S does not agree and so this case has been passed to me to make a final 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.

I understand that Mr S feels strongly about this matter, but I am not going to uphold his complaint and I shall explain why. I have to make my decision based on the evidence and when this appears to be conflicting I have to decide what is most likely to have happened on the balance of probabilities.

The main issue here is that Mr S says that Lloyds agreed to put his account on hold and waive any further interest when he told them that he planned to pay the outstanding balance on his credit card account. He says that he owes only £11,500 which the bank does not accept.

I have reviewed Mr S's credit card statements for 2016 and these all state that his credit limit was £13,150. These statements are addressed to his current address and – although he told Lloyds he was out of the country for a few months during 2016 – he has not told us that he did not receive these. He made payments on his account during January to May 2016 in the amounts specified as minimum payments in his statements so he must have seen at least some of these letters and known that his overall balance was more than £11,500 at this stage.

And I'm not persuaded that the bank agreed to waive interest on Mr S's account because he had said he was going to pay off the full balance. The interest has been properly charged in line with the terms and conditions of his account. And as Mr S had not indicated he was in financial difficulty there was no reason for the bank to waive the interest in the way he suggests. Indeed in the recording of the one telephone call available, Mr S is clear that he is not having difficulty with his account.

Mr S has not given a precise date from which Lloyds told him they would stop charging him interest. And it also wasn't very clear when Mr S would be able to pay off his balance because he was waiting to receive funds from elsewhere. In fact he made calls to Lloyds to tell them the funds would be coming, only to call again and give a different date. So I don't find that it's likely that Lloyds would agree to waive interest in the way Mr S suggests because it would be for an unknown period of time with no guarantee of payment which makes no commercial sense.

Lloyds closed Mr S's account in October 2016 and no interest was charged to his account from that point due to the missed payments and outstanding arrears which is reasonable and fair. Having waited for payment for a number of months, Lloyds properly passed his debt to a debt recovery organisation under the terms and conditions of his account so that an arrangement could be reached to repay the debt.

I know Mr S will be unhappy with my decision, but I'm not going to ask Lloyds to do anything.

Finally, I know Mr S says he's not experiencing financial difficulty, but I'm also aware he hasn't made any payments for many months. So it may be that the money he told Lloyds would be available to pay £11,500 is no longer available— or at least may not be available for a longer period of time. If this is the case, it's important I remind Lloyds (and through them the debt recovery organisation) that they should respond positively and sympathetically to Mr S's situation. That's not to say he shouldn't pay the debt – simply that the bank should seek to agree a mutually acceptable and sustainable method for paying it. I'm sure that if this is the case Mr S will want to cooperate with Lloyds (and the debt recovery organisation) to achieve this.

my final decision

For the reasons I have given, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 9 November 2017.

Sonia Kalsi
ombudsman