

complaint

Mr W complains that Lloyds Bank Plc sold his credit card debt to a third party.

background

Mr W's credit card with Lloyds defaulted in 1994 and a plan was arranged for the outstanding balance to be repaid affordably. In 2017, Lloyds sold the debt to a third party and informed Mr W.

Mr W says this is in breach of his contract with Lloyds and he's unhappy that it arranged this without consulting him.

Mr W complained to Lloyds. Lloyds says it reserves the right to sell debt that it holds and does so in line with its terms and conditions. It also says additional interest or charges will not be added to Mr W's outstanding balance by the new owner of the debt.

Dissatisfied with Lloyds' response, Mr W asked us to consider his complaint. Our investigator found that Lloyds hadn't done anything wrong and had acted in line with the terms and conditions of the credit card agreement. Mr W disagreed and asked for his complaint to be referred to an ombudsman.

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 agree with our investigator. I'll explain why.

To reach my decision, I've considered whether Lloyds was permitted to sell the debt, and if so whether it did that fairly.

The terms and conditions of Mr W's credit card agreement with Lloyds say:

"We may transfer our rights and obligations under this agreement (including our obligation to lend) to someone else. If we do so, your rights under this agreement will not be affected."

So I'm satisfied that Lloyds can sell the debt to a third party under the terms and conditions of the account and there hasn't been any breach of the agreement with Mr W.

I understand that the sale of the debt may have come as a surprise to Mr W, given that the agreement defaulted in 1994 and he's been maintaining the agreed payment arrangement since then. But, Lloyds can make a commercial decision to sell one or more debts at any time. And it doesn't have to disclose its reason(s) for doing so, if it believes that information is commercially sensitive. It has said the information is commercially sensitive in this case.

Mr W has said he's unhappy that he wasn't consulted regarding the sale of his debt. But Lloyds doesn't have to gain his consent and I think it would be impractical for it to do so, given how unlikely it is that he'd agree. I can see that this is frustrating for Mr W. But Lloyds has confirmed that the third party won't add further interest or charges to the outstanding balance, so the sale shouldn't affect him adversely.

Overall, I think Lloyds' terms and conditions do allow it to sell the debt and I don't think it did so unfairly.

my final decision

My final decision is that I don't think Lloyds Bank Plc has acted unfairly in the sale of Mr W's debt to a third party.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 6 April 2018.

Gavin Cook
ombudsman