

complaint

Mr H says that Lloyds Bank Plc (Lloyds) is chasing him for a debt which he believes he has settled with his former business partner. And he says Lloyds failed to tell him when they put him in default for that debt.

Lloyds has apologised for the delay in telling Mr H he was in default but says Mr H is still liable for the debt.

background

Mr H was in business with a partner. They decided to stop working together in 2011. Mr H says he paid his partner an agreed sum to settle his involvement in the business.

Mr H says a collections agency contacted him in October 2013 pursuing a debt on a business credit card he'd held back in 2011. Mr H says the debt isn't his and should be paid by his former partner. He also says he wasn't sent a default notice until August 2014.

Lloyds says the mandate to set up the credit card was in both partners' names. It says no-one has amended or changed that mandate. Money is owed on the card and Lloyds says Mr H is jointly and severally liable.

Lloyds agrees that it should've sent Mr H a default notice in October 2013 but didn't do so until August 2014.

Our adjudicator didn't uphold Mr H's complaint saying that Mr H was liable for the debt. But he recommended that Lloyds pay Mr H compensation for the confusion caused by the delay in telling him he was in default. And he said Lloyds should amend Mr H's credit record to show that he went into default in October 2013.

Mr H wasn't happy with this and asked for an ombudsman to consider his complaint.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

In my view there are two key issues in this case as below.

Can Lloyds ask Mr H to repay the debt on his former business card?

Since this case was passed to me, Mr H has written to our adjudicator saying that his former business partner has now admitted that he didn't change the mandate on the business credit card. And so Mr H understands that he is jointly and severally liable, and has withdrawn that aspect of his complaint. Therefore I no longer need to make a finding or decision on this.

For completeness, Mr H also offered to pay half the outstanding debt to Lloyds. And he suggested that Lloyds pursue his partner for the rest. That offer has been passed on to Lloyds and is for them to consider.

Did Lloyds provide poor service to Mr H and, if so, what should it do?

Lloyds has agreed it told Mr H that his card was in default ten months later than it should've done. And I think the delay must've caused Mr H real confusion when he was contacted by the debt collection agency in October 2013 and he didn't even know he was in default. In my view this was certainly poor service on Lloyds' part. So I agree with our adjudicator that Lloyds should pay £100 compensation for this.

Our adjudicator also suggested that Mr H's credit record should be amended to move the time of default on the debt from August 2014 back to October 2013. I agree with this as Mr H would otherwise have to wait a further ten months than he should've for the debt to be removed from his record.

my final decision

My final decision is that I uphold Mr H's complaint about the delay in Lloyds Bank Plc notifying him that he was in default on the business card debt.

I order Lloyds Bank Plc to pay Mr H £100 as compensation for this poor service.

And I order Lloyds Bank Plc to amend Mr H's credit record to show the default as having occurred in October 2013.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr H to accept or reject my decision before 14 September 2015.

Richard Hill
ombudsman