

complaint

Mr K complains that a debt collection agency, acting on behalf of Lloyds Bank PLC, pursued him for a debt that was not his. The bank has offered compensation but Mr K says it is not enough.

background

In December 2012 a debt collection agency wrote to Mr K in pursuit of a debt with Lloyds. He asked for copies of statements for the account. He continued to receive letters about the debt but in July 2013 these stopped after the bank confirmed that the debt was not his. The debt was owed by someone with a similar name, and Mr K had been mistakenly traced as that person.

Mr K complained to Lloyds in August 2013, saying that these events had caused him stress and inconvenience. The bank apologised and offered £150 to Mr K in compensation, which included £25 for the cost of phone calls. Lloyds also arranged to have all adverse information removed from his credit file.

Mr K did not accept the offer and referred his complaint to this service. He said that these events had caused him serious health problems and the worry had affected his work, leading to disciplinary action by his employer. He also said that he had been turned down for loans, his current account had been defaulted and he had been unable to start a business. He said that £100,000 would be adequate compensation.

Our adjudicator investigated the case and recommended that the bank should increase its offer to a total of £325. Briefly, she gave these reasons:

- She believed that Mr K's mental and physical health was affected by being pursued for the debt that was not his. So she thought the bank's original offer was too low.
- She looked at the employer's record of the discussion with Mr K and noted that it was not a disciplinary meeting. She did not think the incident warranted a higher award from the bank.
- After looking at Mr K's credit file, she could find no record of the default he mentioned. Mr K had provided no evidence of failed applications for credit.
- From the evidence that Mr K provided, it appeared that the reason why he was unable to start a business was that he did not return the required forms. She could see no evidence that the pursuit of the Lloyds debt prevented him from starting a business.

Lloyds agreed to raise its offer to £325 but Mr K did not accept it. He did not agree with the adjudicator's conclusions. He said the bank had acknowledged the mistake for which he is suffering at an unprecedented level. He said it was unreasonable to expect him to provide documents to prove he had encountered problems with his credit score.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. Having done so, I am sorry to tell Mr K that I have come to the same conclusions as the adjudicator and for much the same reasons.

Mr K was mistakenly identified as owing a debt to Lloyds and was wrongly pursued by the debt collection agency. It must have been very upsetting for him. The bank has accepted responsibility for the error and for the distress and inconvenience caused. In the circumstances I agree with the adjudicator that the bank should pay more compensation than it originally offered. But I am not persuaded that the error caused the other problems listed by Mr K – with his employer, his bank account, his applications for credit and his attempt to start a business.

In the circumstances, I think that the total offer of £325 is fair and reasonable compensation.

my final decision

My final decision is that Lloyds Bank PLC has now offered enough to settle this complaint. I leave it to Mr K to decide whether or not to accept the bank's offer of £325.

Colin Brown
ombudsman