

complaint

Mr L complains that Lloyds Bank PLC went back on assurances it gave him about how he could deal with his bank accounts, defaulting and closing his current account without telling him.

background

Mr L held his personal banking with Lloyds and also had business banking with Lloyds in respect of the businesses he ran. He says that he normally dealt with Lloyds through one point of contact, his business banking manager.

There had been problems with Mr L's business accounts. Mr L says that the business banking manager told him not to worry about his personal account debt and to concentrate on dealing with his business accounts - saying he could ignore any requests for payment that he received about the personal account.

Lloyds made formal demand on Mr L in respect of his personal account, and it went into default. This meant that Mr L was unable to use his personal account, and the debt was subsequently assigned by Lloyds to a third party collection company. Mr L says that his business banking manager specifically warned him not to have any dealings with the collection company, and he followed that advice.

Mr L says he did not receive the letters that Lloyds says it sent to him about the matter, and so was unaware that he was expected to repay the current account debt until some months after Lloyds had closed his account. He says that he has arranged to move all his banking elsewhere but cannot finalise this until his complaint about Lloyds is resolved – and that the lack of proper personal banking facilities, including an overdraft facility, has severely impacted his ability to work and carry out financial transactions.

Lloyds did not accept Mr L had been told to ignore his personal account debt, and said its records showed that it had spoken with him about the need to pay it. It said the account had been frozen and transferred to Lloyds' recovery team, which stopped any further charges or interest. Lloyds also said it had sent the necessary communications to Mr L, including about the default. However, Lloyds accepted that there had been some shortcomings in communication and paid Mr L a total of £100.

As matters remained unresolved, Mr L brought his complaint to this service where it was investigated by an adjudicator. From the evidence, the adjudicator was not persuaded that Lloyds had told Mr L that he could ignore requests for repayment of the debt on his personal account. The adjudicator also thought it more likely than not that the relevant letters had been sent by Lloyds to Mr L. Overall, the adjudicator did not recommend that the complaint should succeed.

Mr L did not agree with the adjudicator's conclusions and said, in summary:

- Lloyds may not have a duty to keep copies of documents, but it does have a duty to post them. He did not receive the letters, and encloses copies of some letters that he received from Lloyds and the collection company which do not show his address correctly. It is likely that other letters had mistakes in the address and so he did not get them.

- Lloyds and the collection company would not be in a position to produce proper evidence of sending the letters, should they take recovery proceedings against him in court. He does not understand how the adjudicator could have reached her conclusions in the absence of proof that he was properly sent these letters.
- During a meeting, his business manager said to ignore the collections company as he was dealing with Mr L's account as part of the wider Lloyds process to get his financial situation into good order. What the adjudicator has said is at odds with this fact.
- He has been unable to address the debt, since neither Lloyds nor the collections company has contacted him recently about it, and he has not been offered any alternatives.
- Lloyds' behaviour (and that of the collections company) continues to damage his personal and professional financial position and he requires compensation for that.

my findings

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

This complaint is brought about Lloyds, and so this final decision only considers acts and omissions of Lloyds – it cannot cover any difficulties there have been between Mr L and the collections company that now owns the debt.

Mr L's complaint contains these core concerns:

- Lloyds did not make him aware that he needed to address the debt on his personal account;
- he was specifically told by his business banking manager that he could ignore requests for payment of that debt;
- he did not receive the formal communications Lloyds says it sent him about the debt and so was unaware of the seriousness of the situation and what would happen next; and
- he has tried unsuccessfully to engage Lloyds in discussion of how the debt can be settled.

Looking at the systems records that Lloyds has provided, I am satisfied that there were numerous contacts between Mr L and Lloyds about the debt on the personal account. I find it difficult to accept, from this contemporaneous evidence, that Mr L was unaware that Lloyds was concerned about the debt and needed him to make regular payments to reduce it. Those contacts continue until the point at which debt recovery action was taken. I find, from the evidence, that Mr L was made aware by Lloyds on an on-going basis that he needed to repay the personal account debt.

Mr L says that one of the main reasons why he did not realise the personal debt needed to be addressed was because his business banking manager had told him he could ignore requests for payment.

But this is not an undisputed fact. The business banking manager has provided his statement, which says that he only ever dealt with the business accounts and certainly did not tell Mr L to ignore letters. The business banking manager says Mr L told him he had spoken with the collections department, and he believes Mr L was aware he needed to deal with the personal account debt.

I consider that the business banking manager would have known the likely consequences of ignoring formal debt letters, and that this would bring about a situation that would be bad for both Mr L and Lloyds. It would be entirely reasonable if, during meetings with the business banking manager, Mr L and he focussed primarily on the business accounts and how they should be managed. But, after careful consideration, I am not persuaded that the business banking manager went so far as to tell Mr L that he should repay the business debts and ignore letters he received about the personal account debt.

Mr L has produced copy letters that omit part of his address, which he says supports his complaint that key letters about the debt were either not sent by Lloyds at all, or not sent to the correct address.

Lloyds does not keep copies of the letters it says it sent, but has provided templates and information from its systems as evidence that they were sent at the relevant time. There is no indication of letters being returned undelivered, and even the copy letters provided by Mr L include his correct house number and post code. Overall, I consider it more likely than not that the letters were sent out by Lloyds.

Mr L has said that the absence of better evidence about the dispatch of the letters may affect whether the debt is recoverable in court. That is not something I am able to consider, as only a court can decide whether or not a debt is enforceable at law.

Because it has sold the debt to another company, Lloyds will not be in contact with Mr L about it and cannot reach any agreement with him about repayments. As the adjudicator has explained to Mr L, that is something he will need to contact the collections company about.

my final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr L to accept or reject my decision before 6 January 2015.

Jane Hingston
ombudsman