

complaint

Miss B complains that Lloyds Bank PLC unfairly registered a default on her credit file and did not help her with financial difficulties. She also complains about problems using online banking.

background

Miss B says she didn't receive any help from Lloyds with her overdrafts and says the charges kept increasing. She says she asked Lloyds for help. But it wouldn't agree any repayment plans with her and has now registered a default on her credit file and passed her debt to a third party company. Miss B also says she had problems using online banking.

Lloyds says Miss B did use online banking and says any problems were not its fault. It says it made the decision to close Miss B's accounts and says it was clear she was unhappy with it and that it considered the relationship to have broken down. Lloyds says it tried to agree a number of repayment plans with Miss B but without success and says it made the decision in line with the account terms and conditions to ask for the overdraft's to be repaid. It also says it accurately reported the account position to the Credit Reference Agencies (CRA's).

Miss B brought her complaint to us but our investigator didn't uphold it and thought Lloyds had dealt fairly with her. The investigator looked at Lloyds records and thought it had agreed a number of payment plan's with Miss B that she didn't keep to and thought Lloyds had given breathing space when she lost her job. So the investigator thought overall Lloyds had tried to help Miss B and had acted positively and sympathetically to her position and was entitled to close the account and report the position to the CRA's.

Miss B doesn't accept that view and remains unhappy a default has been registered.

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've come to a similar overall view as the investigator for similar reasons. I realise Miss B will be disappointed by my decision.

I have looked through Lloyds records and I'm satisfied overall that it acted positively and sympathetically to Miss B's position. I can see that repayment plans were set up in early 2018 that Miss B asked to suspend, which Lloyds fairly agreed to do. I can also see that further plans were agreed that I don't think Miss B kept to. I appreciate that Miss B lost her job. But I think Lloyds acted fairly by agreeing to allow her breathing space before continuing with the repayment plan. I can't see that Miss B kept to the terms of the plan and so I don't think Lloyds acted unfairly by asking Miss B to repay her overdrafts.

I'm satisfied that in line with the account terms and conditions Lloyds was entitled to ask Miss B to repay the overdrafts on demand. And I think by that stage Lloyds fairly concluded that there was no real prospect of Miss B keeping to the terms of any repayment plan. Banks and building societies should treat customers in financial difficulties positively and sympathetically and I'm satisfied Lloyds acted in such a way here by trying to agree a repayment plan and by placing a number of holds on the account.

I appreciate that Miss B says that Lloyds should not have registered a default on her credit file. But I think Lloyds is under a duty to accurately report the position of its customer's accounts to the CRA's. I think that the relationship between Lloyds and Miss B had broken

down and that Miss B had a reasonable period of time to either bring the balance of the overdrafts down or agree and keep to a repayment plan. As neither of those happened I don't think Lloyds made a mistake by defaulting the account and reporting that to the CRA's.

I appreciate that Miss B's main complaint is her treatment by Lloyds whilst in financial difficulties but she also mentions the amount of charges and interest she paid. I make clear that I have not seen any evidence that Lloyds made a mistake or acted unfairly by making those charges or that they were made outside the account terms and conditions. I have also not seen any evidence that Miss B's online banking access problems were caused by Lloyds.

Overall I'm satisfied that Lloyds tried on a number of occasions to help and support Miss B and so I can't fairly ask it to do anything further in the circumstances of this complaint. I can't see that Miss B has made any repayments towards either overdraft balance and so I don't think in those circumstances Lloyds acted unfairly or made a mistake by passing Miss B's debt to a specialist debt recovery company. It will be open for Miss B to contact that company and try and arrange a new repayment plan if she wishes.

my final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 1 March 2020.

David Singh
ombudsman