

## **complaint**

Mr M's complaint relates to a Lloyds Bank plc classic current account that was held jointly with his ex-wife who, for the purposes of this decision, I will refer to as Mrs M.

Mr M complains Lloyds has not acted fairly towards him because it took his ex-wife's instructions in relation to the current account and didn't do the same for him. Mr M says Lloyds then unfairly registered a default against his name and is singling him out by only chasing him for the overdraft debt associated with the joint current account.

## **background**

Mr M and Mrs M divorced in June 2016. At this time their joint current account had an overdraft limit of £2,250 and the balance on the account had been fluctuating within the overdraft for a long while. The account remained in joint names until it was closed on 9 May 2017 and transferred by Lloyds to its recoveries department with an outstanding debt of £2,240. A default was registered against Mr M's name on 12 May 2017 for this amount.

Mr M is unhappy that he wasn't given the opportunity to deal with this debt before the account was passed to recoveries and the default registered against him. He says he tried to remove himself from the account after he and Mrs M separated, but Lloyds did not help him to do this. And he says Lloyds simply took instruction from Mrs M instead and he wasn't consulted about it. He's told us this has all had a serious impact on him being able to move forward.

Mrs M had contacted Lloyds on 13 January 2017 to discuss the account. This resulted in Mrs M's agreement for Lloyds to move the account to collections in order to prevent any further interest or charges accruing on the outstanding balance (as the account was deeply in the overdraft). This was the only way Lloyds was able to stop the interest and charges long term, and it effectively removed the overdraft facility. The account was therefore left as showing in debt of £2,240.28 (as shown on the account statement).

Lloyds have said they issued a final demand letter on 3 March 2017. The original letter isn't available, but Lloyds has provided a template instead. This letter gave the parties the opportunity to clear the debt, but explained this would still not remove the default.

Lloyds' records also show that Mr M was in contact with them on 8 March 2017, 22 May 2017 and then on 4 December 2017.

On 8 March 2017 Mr M contacted Lloyds because he couldn't make an online payment into the joint current account as it had disappeared from his mobile app. Mr M was told about a block on the account to freeze interest and charges, and that he should go to a branch to make a payment.

On 22 May 2017 it appears Mr M spoke with Lloyds and was told the account had been assigned to debt collectors.

It doesn't appear that there's any further meaningful contact until 4 December 2017 when Mr M contacts Lloyds' collection department following a failed credit check for a lettings application. Lloyds' notes show Mr M requested his name be removed from the account and that he was told about what had happened with the account and that he and Mrs M

were both liable for the account. Mr M was also told the account was with recoveries and he was transferred through.

Lloyds' recoveries department notes show Mr M was told his name couldn't be removed and that Mr M denied any knowledge of having been previously told about what had happened to the account. The notes also say Mr M was told about the final demand notice and that he'd called Lloyds after that had been sent – although they also say Mr M denied receiving the letter.

Mr M made a complaint. In their final response letter of 6 March 2018 Lloyds offered Mr M £75 for the trouble the matter had caused because they couldn't be sure that Mr M was given correct information when he went into a branch about the account having been moved to collections. And to recognise Mr M's submissions that he'd not received any correspondence from Lloyds about the joint account, Lloyds offered Mr M the opportunity to repay the outstanding balance by 4 May 2018, and that if he did so they would remove the default.

Mr M didn't do this. He's since said he did not have the means to clear the full outstanding amount at the time. And during the course of our investigator's review Mr M told us he still wasn't able to do this.

Mr M feels strongly that he's not had the opportunity to put things right in order to avoid incurring the default. And he's said there were times when Lloyds refused to tell him things about the joint account because it said he wasn't on the account.

Our investigator considered Mr M's complaint and concluded Lloyds hadn't done anything wrong.

Mr M strongly disagreed and in reply to the investigator, amongst other things, said he'd made numerous enquiries to Lloyds about what to do with the debt when he divorced; that he was being told by Lloyds to wait in order to see what could be done, but then Lloyds just made arrangements with his ex-wife; his financial circumstances had never been taken into account; he never received the final demand letter in March 2017; in January 2017 Lloyds wouldn't tell him anything except that management were looking into things; he only found out what had happened because he'd been unable to transfer funds online; he queried why only he was being pursued for the debt; he'd never had a chance to put things right; his ex-wife is prospering, why isn't she being chased for the monies; he didn't think it was fair for Lloyds' final response letter to have set 60 days from the date of the letter when the matter was still in dispute; and said the business should've acted differently when it became aware of the divorce.

To resolve things Mr M suggested agreeing a repayment plan to clear the full debt and removal of the default.

Our investigator approached Lloyds one last time to see if there was a way to resolve the matter informally, but Lloyds maintained its view of the complaint and so the matter has come to me to decide. Since receiving the complaint to review I was able to obtain a copy of the call recording between Mrs M and Lloyds from January 2017 which I listened to before I issued my provisional findings.

*my provisional findings*

I issued my provisional findings to both parties explaining why I didn't think Mr M's complaint should be upheld. I've summarised these below:

I concluded Lloyds acted fairly within the terms and conditions relevant to the account in question.

The terms and conditions allowed for Lloyds to take instructions in relation to the account from either person and that Lloyds could rely on information provided by either person about the other. Examples given were instructions to close an account, or to end a service. And the terms also explained Lloyds could do things for one account holder that would count as if being done for the other – such as acting on information either person provided about the other and sending a notice to just one person.

The terms highlighted that each account holder was separately responsible for complying with the terms of the account, and that in the event of non-compliance Lloyds could take action against any or all of the account holders. The terms went on to explain if there was an overdraft on a joint account, each person was liable to repay it even if they didn't know about it.

Mr M made specific reference to account terms that if Lloyds became aware of a dispute between account holders, it 'may' take steps to prevent either person giving instruction or using the account individually until the dispute is ended. I carefully considered this and from all the records available to me found no suggestion of any sort of dispute until Mrs M contacted Lloyds in January 2017. And in the circumstances I thought Lloyds had acted fairly in not applying these terms.

I considered it was fair for Lloyds to offer Mr M the opportunity to remove the default should he be able to clear the full amount of the debt.

As Lloyds acknowledged Mr M's concerns about receiving notification of the default (and given Lloyds is required to follow a process when notifying someone of a default), it offered Mr M the opportunity to clear the debt and remove the default from his name. Given Mr M wasn't in a position to do that in April/ May 2018, it was difficult to conclude he would have been able to make an arrangement to sort things out and clear the balance at that time. The balance remained close to the overdraft limit, therefore I couldn't exclude the possibility the default may still have occurred anyway as potential charges and fees built up – albeit the default may have just happened at a later date.

Mr M said Mrs M continued to solely use the joint account after they separated as he had his own separate current account with Lloyds. But I noted they were both responsible for the outstanding debt – which had largely built up while they were together. So while I was mindful of Mr M's comments about being the only one chased for the debt, I couldn't say Lloyds were wrong to approach him for the full amount. Mr M and Mrs M were jointly and severally liable for the joint account and so were both responsible for the outstanding overdraft debt. I also couldn't ignore Mr M monitored the account from his mobile banking app and that on occasion it appeared he did make payments in and out of the account – so I thought he knew there was an outstanding sum on the account that wasn't reducing.

I couldn't see any evidence to support that Lloyds had withheld information from Mr M when he requested it. And that it appeared the first time Mr M sought to be removed from the account was after the default had been registered. I noted that in any event, I wouldn't have

expected Lloyds to agree Mr M's removal from the joint account when there was an outstanding debt.

*responses to my provisional decision*

Both parties were sent my provisional decision and invited to provide any further comments or evidence for me to consider. Neither party responded with anything more.

**my findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

As both parties didn't provide me with anything further to review, I see no reason to alter my findings as set out in my provisional decision. That is, I don't uphold Mr M's complaint as I don't think Lloyds have acted unfairly in the circumstances of this case. I think it was reasonable for Lloyds to close the account with only Mrs M's instructions and I think it was fair for Lloyds to offer Mr M the opportunity to have the default removed if he could clear the full amount of the debt.

**my final decision**

For the reasons above, my final decision is that I don't uphold Mr M's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 14 February 2020.

Kristina Mathews  
**ombudsman**