

## **complaint**

Mr and Mrs T complain that Lloyds Bank PLC is harassing them and wrongly applying charges to their debt. They want the harassment to stop and compensation for distress.

## **background**

Mr and Mrs T are in financial difficulties due to a change in their personal circumstances. They have made arrangements through a debt management organisation for repayment plans to be put in place for their outstanding debts. Lloyds agreed to transfer their current account's outstanding overdraft to its recoveries department and to freeze interest. It did not do this and continued to apply fees and charges. It also sent Mr and Mrs T letters requesting payments. They found these particularly distressing in their circumstances.

The bank accepted that it had made mistakes. It refunded or stopped interest and fees it had charged for eleven months and paid £50 for the distress and inconvenience it caused.

The adjudicator thought that the bank had responded to the complaint correctly. But she found that further charges were wrongly applied for two more months. She felt that the bank was correct in sending two reminders, which she did not find threatening. The bank was obliged to send a solicitor's letter which it had warned Mr and Mrs T was "strongly worded". Mr and Mrs T were also receiving letters about other debts with Lloyds. She felt that they were mixing the letters up. The adjudicator therefore recommended that the complaint be partly upheld and that the bank should refund further interest, which it agreed to do.

Mr and Mrs T restated the additional stress caused them by the bank's mistakes and requested £100 compensation.

## **my findings**

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

I can understand that Mr and Mrs T found the bank's letters to be stressful. They caused them worry and concern when they thought that they had put plans in place to manage their debts. However, I agree with the adjudicator that the bank has not made an error in sending them. I am satisfied that the two reminder letters were necessary and the solicitor's letter a requirement. I understand that there will be no more letters in relation to the current account debt until the agreement is renewed next year.

The bank has accepted that it made an error in not passing the debt to recoveries and freezing interest and charges when it said it would. This caused eleven months of additional worry for Mr and Mrs T. Then it made a further error by still applying charges for two more months. It knew Mr and Mrs T's circumstances and should reasonably have been more sympathetic towards them. In these circumstances, I don't consider its payment of £50 for distress and inconvenience to be adequate or fair.

## **my final decision**

My decision is that Lloyds Bank PLC should:

1. Refund Mr and Mrs T charges of £27.86 as it has agreed to do, in addition to the charges of £195.08 it has already paid;
2. Pay Mr and Mrs T £50 compensation for distress and inconvenience, in addition to the £50 it has already paid.

Phillip Berechree  
**ombudsman**