



complaint

Mr D complains about a default registered on his credit file by Lloyds TSB Bank Plc.

background

Mr D took out a Lloyds TSB personal loan in March 2010, with an agreement to make monthly repayments of just over £560. The bank transferred this loan to its collections department (CCD) in February 2011, when that month's payment was missed. Mr D told CCD that he was experiencing financial difficulties, and supplied income and expenditure details to CCD in March 2011.

Lloyds TSB said that CCD wrote to Mr D on 30 March, confirming an agreed informal repayment plan based on monthly payments of £150, although Mr D may not have received this letter. No monthly payments were made after January 2011, until £150 was paid in each of May, June, July, August and September 2011.

Lloyds TSB further said:

- A default notice was sent to Mr D on 4 April 2011, and a formal demand for repayment was sent on 1 June, although Mr D may not have received one or both of these letters;
- The loan was closed and transferred to the bank's debt recovery department (CDR) on 7 September, at which point interest and charges were permanently frozen;
- Also on 7 September, a default was registered on Mr D's credit file.

Mr D said he did not receive any of the above correspondence, and complained he did not find out until 27 September 2011 that his loan had been passed by Lloyds TSB to an external debt recovery agent. He refused to deal with this agent until he received formal notification of its role from the bank, which was sent to him in a letter dated 11 October. It appeared that he had made no monthly payments in October 2011, November 2011 or January 2012, but had made regular monthly payments of £100 from February 2012.

Mr D sought removal of the default. Lloyds TSB declined to do so, saying:

- The default was registered correctly;
- Mr D was advised, in a phone conversation on 30 March 2011, that his loan would be passed to CDR, and that the payment plan details and legal letters would be sent to him.

our adjudicator's view

Our adjudicator thought the complaint should not be upheld, saying there was insufficient evidence to show that the default was registered incorrectly. Mr D disagreed, questioning the evidence that he was informed about the informal repayment plan, the default notice and the transfer of his loan to CDR.

my provisional decision

After considering all the evidence, I issued a provisional decision on this complaint to Mr D and Lloyds TSB on 27 March 2013. Where the evidence was incomplete, inconsistent or contradictory (as some of it was here), I reached my decision on the balance of probabilities – in other words, what I considered most likely to have happened in light of the available evidence and wider circumstances.

Lloyds TSB supplied telephone notes in support of its statement that information, which Mr D questioned having received, was actually given to him. The bank also supplied evidence indicating:

- Its 30 March letter explained that the informal repayment plan was not contractually binding and, if contractual payments were not made, this information would be passed to credit reference agencies;
- Its 4 April letter explained that, if Mr D did not take the action required of him by the date shown, then Lloyds TSB might take further action (including registration of default).

However, if Mr D had not received one or both of the above letters, then it was probable that he would not have been fully informed about the informal repayment plan and the default notice. It also appeared that Lloyds TSB did not provide written notification of the loan's transfer, before it wrote to him on 11 October 2011.

On balance, I found there had been errors in the way that Lloyds TSB communicated with Mr D, which caused him significant distress and inconvenience, and for which he should receive compensation. I thought that compensation of £150 would be fair and reasonable, and consistent with awards made by this service in similar circumstances.

I was unable, though, to find that a default had not occurred, or that its registration should be removed. It was also not necessarily in Mr D's interests for its registration to be delayed, as this would in turn have delayed the date on which the default expires. I thought it would be more appropriate to reverse the delay in registration, from 7 September 2011 to the date shown for action in the bank's 4 April default notice.

Subject to any further representations by Mr D or Lloyds TSB, my provisional decision was, on balance, to uphold this complaint in part. In full and final settlement of it, I intended to order Lloyds TSB Bank plc:

1. To change the date this default is registered from 7 September 2011 to 4 May 2011;
2. To pay compensation of £150 for distress and inconvenience to Mr D.

In response, Lloyds TSB agreed with my provisional decision. Mr D responded to say that he was very disappointed both by my conclusions, and by the length of time it had taken to reach them. However, he did not submit any new information for me to consider.

my findings

I have re-considered all the available evidence, including responses to my provisional decision, in order to decide what is fair and reasonable in this complaint. The further

responses from Mr D and Lloyds TSB do not alter my opinion about what would be the fair outcome to this case.

my decision

My final decision, therefore, is to uphold this complaint in part. In full and final settlement of it, I order Lloyds TSB Bank Plc:

1. To change the date this default is registered from 7 September 2011 to 4 May 2011;
2. To pay compensation of £150 for distress and inconvenience directly to Mr D.

Roy Mawford
ombudsman