

complaint

Mr L complains that Lloyds Bank PLC pursued him for debts he did not owe and registered adverse information on his credit file about these debts.

Mr L also complains that Lloyds did not cancel his direct debit as it should have done. He considers that as a result he incurred charges and interest and it should refund these.

In addition Mr L seeks a substantial award for distress and inconvenience.

our initial conclusions

Our adjudicator was satisfied that we had no power to look at the part of Mr L's complaint dealing with the debts. She concluded this because Mr L said that he was not responsible for the debts meaning that he was saying he was not Lloyds' customer in relation to the debts. Further the events Mr L complained about took place prior to 1 January 2012. She explained that this was a key date because prior to 1 January 2012 under the rules which govern this service Mr L was not a consumer in relation to those debts. As a result he was not an eligible complainant and we could not consider his complaint.

But our adjudicator did consider that we should uphold the part of his complaint about the bank's failure to cancel the direct debits. She was satisfied that the bank had made a mistake and this had led to Mr L experiencing financial loss for which he should be compensated. On this basis she considered Lloyds should update the records it holds for Mr L's current account. She said Lloyds should rework the account removing all interest and charges incurred as a result of the direct debit having been collected in October and December 2009. She was satisfied this action would mean there is no outstanding debt on the account. Therefore she outlined that Lloyds should also amend Mr L's credit file accordingly.

Finally, our adjudicator recommended that Lloyds should pay Mr L £100 to compensate him for the distress and inconvenience it is likely he experienced as a result of its mistake.

Lloyds accepted this, Mr L did not. He asked that an ombudsman review his complaint.

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 service cannot look at Mr L's complaint about being pursued for the debts

I realise that Mr L considers we should look at the part of his complaint about being pursued for the debts that were not his. I can well understand how distressing he found being pursued for a debt he says he did not owe. However, as our adjudicator explained in great detail in her view this service cannot look at every complaint brought to us. Under our rules, known as the DISP rules we could only consider his complaint if he was a customer or potential customer of a financial business where the complaint arises from that relationship. But Mr L's complaint is that he was not a customer of Lloyds in relation to the debts. It followed that if he was not customer of Lloyds in the circumstances we could not consider his complaint.

Our rules changed from 1 January 2012. From this point in time we could look at cases similar to Mr L's but the rules are not retrospective and all of the events in relation to Lloyds that Mr L describes took place well before 1 January 2012. Therefore I have no power to consider this part of his complaint as he is not an eligible consumer.

the bank should compensate Mr L for the financial loss that was caused by the failure to cancel the direct debit

I agree with the conclusions reached by the adjudicator in her view for the same reasons. On this basis I consider that Lloyds should compensate Mr L for the financial loss he experienced and amend Mr L's credit file as set out in the adjudicator's view. Lloyds has already agreed to do this.

the award for distress and inconvenience is £100 rather than the sum Mr L requested

Mr L has put forward a very strongly worded submission about why he should be awarded approximately between £7,500 and £25,000 for distress and inconvenience. Whilst I recognise that he considers this would be a fair award I do not. I realise that Mr L was distressed and inconvenienced by the bank's mistake and it should have realised this and put its mistake right much sooner. However, taking into account the relatively modest awards this service makes for distress and inconvenience I consider £100 is a fair award.

I recognise that there is a big difference between the award I have made and what Mr L wanted. I do not wish to cause him any further distress by doing this; however I have no proper basis to make the size of award he asked for.

my final decision

My final decision is that Lloyds Bank PLC should:

- Update the records it holds for Mr L's current account by reworking the account removing all interest and charges incurred as a result of the direct debit having been collected in October and December 2009. It should also amend Mr L's credit file accordingly.
- Pay Mr L £100 for distress and inconvenience

Lloyds Bank PLC must pay the total compensation within 28 days of the date on which Mr L accepts my final decision. If it pays later than this:

- It must also pay interest on the compensation from the date of the final decision until the date of payment at 8% per year simple.
- If it considers it is legally required to deduct income tax from that interest, it must send a tax deduction certificate with the payment so that Mr L can reclaim the tax if he is able to.

Joyce Gordon
ombudsman