

complaint

Ms L complains about an outstanding debt on a current account with Lloyds Bank Plc ("Lloyds").

background

I issued a provisional decision on this complaint in January 2016. A copy of that decision is annexed to this final decision and forms part of it. I invited the parties to submit any further representations they wished to make before I finalised my views.

Both parties have now responded. Ms L disagrees with my view. Lloyds has nothing further to add.

my findings

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

I have read the additional information provided by Miss L. She's produced payslips to show she was working abroad in 2005 and 2006 and an identity card, which starts from March 2006. These documents do support Miss L being abroad as she's told us. But they don't show that she closed her credit card or current account before she went abroad and there's still nothing to show that she informed Lloyds about any change of address. So I don't think this information really helps me.

I've looked again at my provisional decision. For the reasons I gave in that decision, I remain satisfied of the findings and conclusions that I reached. So I still think Lloyds has acted fairly here.

my final decision

I think the offer put forward by Lloyds Bank Plc is fair and reasonable, so I won't be asking it to do anything else.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms L to accept or reject my decision before 11 March 2016.

Sarah Tozzi
ombudsman
COPY OF MY PROVISIONAL DECISION

complaint

Ms L complains about an outstanding debt on a current account with Lloyds Bank Plc ("Lloyds").

background

Ms L had a current account with Lloyds and a credit card. A monthly direct debit was set up to pay the balance on the card from that account from December 2004. In 2005 Ms L went to live abroad and came back to the UK in 2011. In around 2015 Ms L was contacted by a collections agency and told the current account had gone into arrears. Ms L says she isn't liable for this debt and asked Lloyds to

explain how it came about. Ms L also complained about the credit card debt but that has been dealt with under a separate complaint.

Lloyds says it was unaware that the Ms L had moved away. It tried to contact her at her last known address and the collections agency eventually traced her. It says the debt arose because the direct debit continued to be paid to the credit card balance, which took the account over its agreed overdraft limit and overdraft fees were added.

Our adjudicator considered the complaint and decided to uphold it. He thought Ms L was unaware her account was still running because correspondence was not being sent to the right address. Lloyds disagrees with this view so the matter has come to me to decide.

my provisional findings

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

I've looked at the statements for the current account and the credit card from the time. It's clear that Ms L had an outstanding balance on the credit card before she went abroad and regular payments were being made to it. I can see that a monthly direct debit was set up to pay off that balance before she went abroad. As the payments came from Ms L's account, I consider it most likely that she set up the direct debit. The credit card account and the current account were not closed when Ms L went abroad and neither were they closed when she returned in 2011. The direct debit was also not cancelled.

Ms L would've known about the account and credit card, both of which were in her name. The direct debit arrangement had been in place for several years so again I think it's more likely than not, that she knew about it. It was for her to notify Lloyds about a change in address, but there's no evidence that she did this at the time. Also, there is no evidence that she closed the account or cancelled the direct debit before she left or on her return. So on balance, I think she should've known that the payments were still being made.

Our adjudicator set out the balance in the accounts in his last view. But looking at the statements from the time, I think he made a mistake about the figures. The statements actually show that at mid 2011, Ms L had a balance of around £650 and her credit card debt was around £2, 500.

Because the account went into an unauthorised overdraft in August 2012, additional fees were added. Lloyds has agreed to refund these fees of £139.76 but says Ms L remains liable for the remaining balance on the account.

I've taken into account the points raised by Ms L, but I consider that the offer from Lloyds is fair and reasonable.

my provisional decision

For the reasons set out above, I think the offer put forward by Lloyds Bank Plc is fair and reasonable, so provisionally I won't be asking it to do anything else.

I invite the parties to provide any more comments and evidence by 11 February 2016, after which time I will consider everything and give a final decision.

Sarah Tozzi
ombudsman