

complaint

Mrs K complains that she was mis-sold a loan by Lloyds Bank PLC and that it passed the debt to its debt collection arm.

background

Mrs K took out a loan for some £13,000 in 2000 which was used to pay off existing debts. She was unable to make the required monthly payments and fell into arrears. Mrs K complained to the bank in 2006 that the loan had been mis-sold. The bank refunded almost £2,500 in interest and froze the debt so no further interest accumulated. Payments of £10 a month were agreed. Mrs K accepted the bank's offer and did not bring her complaint to this service in 2006. In 2014 the debt was passed to a debt collection agency and Mrs K says this was done without notifying her.

The adjudicator did not consider that we could look at Mrs K's complaint about the sale of the loan, due to the delay in bringing it to our attention. However, he considered we could consider the complaint that the debt had been passed to a debt collection agency without notification. On that point he concluded that the bank was entitled to pass the debt on, so he did not recommend that the complaint be upheld. Mrs K did not agree and asked that the bank be required to write off the loan.

my findings

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

Mrs K first complained that the loan was mis-sold in 2006 and she accepted the bank's offer at that time to refund the interest and freeze the debt. We can end our consideration of a complaint without reaching any conclusions about the merits where there are compelling reasons to do so. I find there are such reasons here, and – while I realise Mrs K will be disappointed – I agree with the adjudicator that we shouldn't consider the merits of Mrs K's complaint about the sale of the loan.

The bank understood in 2006 that the complaint had been finalised, because Mrs K accepted its offer of compensation. We won't usually consider the merits of a complaint where the complainant has accepted an offer to settle the matter. Besides that, Mrs K waited around eight years before contacting us. As a result, the bank says – and I accept – its records about the sale in 2000 are limited. So I think it would now be difficult for us to assess the matter fairly, and I see no real reason why Mrs K couldn't have contacted us sooner.

However, I can consider Mrs K's complaint that the outstanding debt was passed to a debt collection agency without the bank notifying her. I accept the bank took a commercial decision to transfer the outstanding debt to the agency. It is entitled to do so and I cannot see that Mrs K has been disadvantaged by the move. The agency contacted her and she is clearly aware that the debt is now in the agency's hands. I do not consider that the bank has made a mistake.

my final decision

My final decision is that I do not uphold this complaint.

Ivor Graham
ombudsman