

The complaint

Mr H complains that he paid off his credit card with Lloyds Bank PLC and later cancelled his direct debit. The account went into arrears, and this has affected his credit file.

What happened

In 2016 Mr H paid the full balance off his Lloyds credit card, but several days later he used the card to withdraw cash. Mr H continued to pay a direct debit for the minimum payment each month until he cancelled it in July 2018, but there was still a balance on the credit card. Six-months later, Lloyds sent the account to its collections team and the account was closed. Lloyds provided credit reference agencies with information that Mr H had missed six-months payments but didn't register a default.

Mr H complained to Lloyds that he believed he had closed the credit card account and that he'd paid off the full balance in August 2016. Mr H said the missed payments Lloyds had recorded were having an impact on his ability to take out a new mortgage. Lloyds didn't uphold Mr H's complaint and said that it had accurately reported the correct information on his credit card, and as it has an obligation to do this it wouldn't remove the missed payment markers.

Mr H brought the complaint to the Financial Ombudsman Service and one of our Investigator looked into things. The Investigator thought that Lloyds hadn't done anything significantly wrong, and Mr H asked that an Ombudsman decides the complaint.

What I've decided – and why

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

I understand Mr H will be disappointed, but for very much the same reasons provided by our Investigator I've decided that Lloyds provided accurate information to the credit reference agencies, and I won't be upholding the complaint. I will now explain why and address further comments Mr H has provided.

Mr H's credit card statements explain that if Mr H wanted to change his address he should write to Lloyds. The statement for September 2016 shows Mr H had paid off his credit card in full on 17 September – not in August - but also recorded Mr H made a cash withdrawal on 21 September. This statement confirmed Mr H's new balance and was sent to the address Lloyds held for Mr H.

Mr H says he contacted Lloyds in August 2016 to let them know he was moving address and he was told he had to go into a branch to change his address. Mr H says that he asked to close the credit card account at this time. Whilst I acknowledge what Mr H has said, Mr H used his credit card in September, so I think it's more likely than not Mr H hadn't closed the account at this time, although I acknowledge he paid off the balance from the previous statement, this doesn't mean the account was closed. Mr H did call Lloyds in November to try and change his address and Lloyds records that Mr H said he no longer wanted the

account. In the telephone call, for which there is no call recording as Lloyds don't keep calls for this long, Lloyds records Mr H attempted to change his address, but that this couldn't be done. Mr H's credit card statements explained Mr H would need to write into Lloyds to change his address, and Mr H has explained he had also been given the option of going into a local branch to do this.

Mr H says Lloyds should have done more to make him aware that his credit card still had a balance on it. Lloyds issued statements to Mr H after the cash withdrawal on 21 September and before it's likely Mr H attempted to change his address – and later sent statements to the address it held for Mr H. As I think it's more likely than not that Mr H didn't attempt to change his address until November – and didn't make any further attempt to do so - I think Lloyds acted reasonably in sending statements with the card balance to the address it held for Mr H, and Mr H had a responsibility to ensure Lloyds had his correct address.

Mr H paid the minimum payment by direct debit until 2018. When he cancelled the direct debit, Mr H says that Lloyds made no attempt to let him know he had missed payments. Lloyds has provided evidence that it sent an SMS text messages on 2 August 2018 to the same mobile number Mr H has provided to the Financial Ombudsman Service. Lloyds also sent a letter regarding the missed payment to the address it held for Mr H in August 2018. So, I'm persuaded Lloyds did attempt to contact Mr H after the direct debit was cancelled.

I have a good deal of empathy with Mr H and the position he finds himself in regards a proposed re-mortgage - this must be frustrating and stressful. However, Lloyds did provide Mr H with details about how he could change his address – along with the alternative option of going into a branch – and I've not seen that Mr H made any further attempts to update his address after November 2016. Lloyds sent a text message about the missed payment to the current mobile number of Mr H and sent a letter to the address it held for Mr H but received no further payments to the account. So, I don't think Lloyds has incorrectly recorded the missed payments on the credit card account. Taking all of this into account, I've decided not to uphold this complaint.

My final decision

For the reasons detailed above, I've decided that Lloyds Bank PLC hasn't done anything significantly wrong, and I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 4 December 2023.

Paul Lawton
Ombudsman