

The complaint

Miss H complains Lloyds Bank plc (Lloyds) unfairly reported an adverse entry on her credit file simply due to her bank account being overdrawn by a few pounds.

What happened

Miss H says she held a Club styled bank account with Lloyds where a monthly fee is applied unless a minimum monthly payment is credited to the account. Miss H says she only used this bank account from time to time.

Miss H says she learned in November 2022, that her credit file had a missed payment recorded on it and couldn't understand why. Miss H says when she spoke to Lloyds about this she was told this was due to her Club account going overdrawn by a few pounds following the application of a monthly £3 fee. Miss H says she complained at the time, but the member of Lloyd's staff said her complaint wouldn't be upheld as it had done nothing wrong.

Miss H says after some delay Lloyds finally sent her a response where Lloyds advised her it had sent her a letter at the time advising of the overdraft and it had done nothing wrong. Miss H says this letter wasn't received by her and she had no access to her banking app because her mobile phone was broken, so she wasn't able to view her account balance.

Miss H feels Lloyds should apply some common sense and not ruin her credit rating simply because of a small overdraft and wants it to remove the missed payment marker from her credit file, which she has been working hard to maintain over the past six years.

Lloyds says it wrote to Miss H in November 2022 advising her of the overdraft on her account, but her account wasn't corrected until mid-December 2022. Lloyds says as no error had been made it would not be correcting her credit file.

Miss H wasn't happy with Lloyds' response and referred the matter to this service.

The investigator looked at all the available information but didn't uphold the complaint. The investigator says Lloyds had provided evidence that a letter had been sent to Miss H in November 2022 after having sent a text message in October 2022, when the account went overdrawn. The investigator felt it was Miss H's responsibility to check her bank account balance and there would have been other means for Miss H to do that even if she hadn't access to her banking app via her mobile phone.

The investigator felt Lloyds had a responsibility to correctly report Miss H's bank account activity to the credit reference agencies and it had done that. The investigator pointed out as Lloyds hadn't made a mistake he couldn't tell Lloyds it must offer a goodwill gesture and remove the adverse entry from Miss H's credit file.

Miss H didn't agree with the investigator's view and asked for the matter to be referred to an ombudsman for a final decision.

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.

Having done so, I won't be upholding this complaint and I will explain how I have come to my decision.

I can understand it would be upsetting for Miss H to learn her credit file had been marked with a missed payment entry, simply because she missed a £3 monthly account fee taking her bank account overdrawn.

As our investigator has explained, it's not the role of this service to scrutinise Lloyds' complaints process or to tell Lloyds how it should deal with complaints more widely. My role is to look at what's fair and reasonable in the individual circumstances of a complaint, so when looking at this complaint I will consider if Lloyds acted reasonably when it advised the credit reference agencies of Miss H's unauthorised overdraft.

Miss H's complaint centres around the fact Lloyds acted unfairly when it reported her bank account to the credit reference agencies because she'd missed the monthly account fee taking her account overdrawn by a few pounds. Miss H maintains she never received any notification of this from Lloyds, despite it saying it sent her a letter and additionally as her mobile phone wasn't working she was unable to gain access to her banking app.

Miss H says if she had known, she would have corrected the issue and Lloyds knowing this should exercise some goodwill and remove the adverse entry on her credit file and in any event she can't understand how this has been marked as a missed payment.

It's worth explaining Miss H's "Club" account has a set monthly £3 charge unless a minimum monthly amount is paid into the account – this is something Miss H would have been aware of since the account opening in 2020 - so it's reasonable to say she would have known a fee would have been due based on the past activity on the account.

Here, Miss H's account went into an unauthorised overdraft, albeit for a few pounds, on 4 October 2022. Miss H maintains she was not aware of this, but Lloyds have provided evidence from its back-office records to show an SMS was sent to her registered mobile phone on 5 October 2022. In addition to this I have seen a letter addressed to Miss H dated 4 November 2022 saying her account was £6 overdrawn, due to another monthly fee being applied, asking her to correct the situation. Lloyds have also provided evidence to show Miss H's bank statements were added to her mailbox on her banking app.

While I understand Miss H says she never received the letter Lloyds sent, I can see this was correctly addressed and I would expect a letter of this type to be sent this way, given its importance and I can't hold Lloyds responsible for the fact Miss H says it never arrived. After all it had also sent a text message to Miss H in October 2022 when her account initially went overdrawn.

Although Miss H says her mobile phone wasn't available to her to log onto her bank account, there are other ways to access her bank account, by logging online via laptop computer, using telephone banking or visiting a branch. Miss H has by her own admission stated she doesn't check her bank statements and while that may be her choice I can't hold Lloyds responsible for that – after all it remains Miss H's responsibility to maintain and regularly check her bank account.

Miss H can't understand why Lloyds have registered a missed payment on her credit file and

it has explained that is its process in these circumstances and that's not something I can ask them to change. All I can say is Lloyds do have a responsibility to accurately record bank account activity to the relevant agencies and unless it has made a mistake it would be unfair of me to tell them it must remove it or for me to tell Lloyds it must offer a gesture of goodwill - that is at its discretion.

I do have some sympathy with Miss H and it's worth mentioning she does have the option to contact the credit reference agencies to lodge a note of correction if she feels she wants to explain the circumstances here.

While Miss H will be disappointed with my decision, I won't be asking anymore of Lloyds here.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 23 August 2023.

Barry White
Ombudsman