

## **The complaint**

Miss H says Lloyds Bank PLC, trading as MBNA, treated her unfairly in applying two defaults to her credit file in relation to her credit card account.

## **What happened**

Miss H's credit card account had been in arrears for several months by late 2019, at a time when she was experiencing difficulties both financially and in her personal life. She wanted to enter into a repayment plan, before which Lloyds asked her for information about her income and expenditure. It put the account on hold while it was awaiting the information.

As it was unable to proceed with the payment plan, Lloyds ultimately put the account into default and sold it to a third-party debt purchaser in early 2020.

When Miss H complained, including about her dealings with one of its complaint managers, Lloyds responded that it had handled matters appropriately. But it accepted it had sent an item of correspondence to the wrong postal address and, by way of an apology, offered to pay her £250 as compensation.

Unhappy with Lloyds's response, Miss H brought a complaint to this service. Our investigator looked into the complaint but didn't recommend that it should be upheld. They found that Lloyds had sent Miss H adequate warning regarding the consequences of not paying in time and that it had acted fairly overall in applying the default. They didn't think Lloyds was to blame for the default appearing on her credit file twice.

In terms of the service Miss H had received, the investigator didn't consider Lloyds's complaint manager had been hostile towards her from listening to a recording of the call in question. But the investigator did consider Lloyds had made a mistake in sending correspondence to the wrong address. The investigator believed Lloyds's apology and offer of compensation was fair in the circumstances.

As Miss H didn't agree with the investigator's findings, the complaint was passed to me to review afresh.

## **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 don't uphold this complaint. I'll explain why.

Fundamentally, Miss H entered into an agreement to pay Lloyds back for the credit she'd accessed. This meant her paying an agreed minimum amount on an agreed date each month for the term of the credit. She didn't comply with the agreement.

I understand that Miss H was in a very difficult situation both financially and personally at that time. And it was for Lloyds to treat her fairly and sympathetically in trying to reach a

constructive resolution for both parties. That said, I can't see reference in the available information that Miss H mentioned her difficult domestic situation to Lloyds while she was in arrears. Although Miss H's account was transferred to Lloyds's specialist support team in August 2019, the call recordings from the time indicate to me that this was because she'd lost her job and was understandably anxious and stressed. Miss H mentioned financial difficulties but no other issues. So, I don't find that Lloyds ought to have specifically taken account of Miss H's domestic situation in dealing with the arrears.

Overall, I believe that Lloyds took a positive attitude in its dealings with Miss H. For example, I can see that in August 2019 Lloyds temporarily stopped charging any interest and fees that would usually apply. This was to stop Miss H from falling further behind in her payments. This stop continued while it asked Miss H to contact it to bring the account up to date or to let it know if she couldn't do so. It informed her that they needed to work together to put a plan in place which might limit the potential impact on her credit rating. And Lloyds gave her the opportunity to explain more about her financial situation or any medical issues for it to consider, in addition to the difficulties she'd already made it aware of. I can't see that Miss H provided Lloyds with more information despite that.

In September 2019, Lloyds said the account charges would resume if Miss H didn't get in touch within 28 days. I think that was fair given the information it held.

Although Miss H did contact Lloyds in October and November 2019, during which time I gather the account was put on hold for 30 days, she wasn't able to evidence that she'd be able to sustainably meet the requirements of a repayment plan. This was because Lloyds had identified a negative disposable income based on her declared income and expenditure.

In January 2020, Lloyds sent Miss H a default notice setting out the amount that needed to be paid and by when. Lloyds also explained what further action might be taken if Miss H didn't act, including it ending the agreement and registering a default with credit reference agencies (CRAs). Ultimately, a default was registered.

It's unfortunate that Miss H wasn't able to bring the account up to date in time. But I think Lloyds was entitled to register the default as it had made clear the consequences of her not providing the necessary information or making payment in time.

I've thought very carefully about what Miss H has said about being in a vulnerable position and I'm sorry to learn of the difficulties she's faced. That said, I must be fair to both parties. I can't reasonably say, on the available evidence, that Lloyds should have dealt with the arrears differently.

To be clear, while Lloyds has reported the default to the CRAs, it's the latter that record the information on the credit file itself. I note that there appear to be two defaults – rather than one – showing on Miss H's credit file and that both are linked to Lloyds. But I'm satisfied on balance that Lloyds has reported one default and not two. So, I'm not asking Lloyds to do anything else in that regard.

There are two further issues I wanted to address. Firstly, Miss H says she was mis-treated by the complaint manager she initially spoke to. I've listened to a recording of the call in question and I can't fairly say that Lloyds's representative did anything wrong. Miss H says the member of staff was hostile towards her and I don't doubt that's how Miss H felt. But I didn't detect anything in the representative's tone or in the content of what she'd said – for example, by raising their voice, talking over Miss H or ignoring her concerns – that demonstrated signs of hostility.

Secondly, it's unfortunate that the first final response letter Lloyds sent to Miss H was posted

to the wrong address. I can see how it would have caused Miss H distress to learn that her post was received by a third-party. That said, when Lloyds was told about its error it quickly issued a further final response, this time to the correct address, and apologised for the mistake. Taking everything into account, I believe its offer of £250 as compensation for the upset she was caused is fair.

### **My final decision**

For the reasons given, I don't 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 21 February 2024.

Nimish Patel  
**Ombudsman**